

5-Stage Blueprint to Recovery

Every successful building project must start with a blueprint; before foundations are laid or a first brick can be set in place.

Everyone across our industry has seen the devastating impact COVID-19 is having with cinemas closed or closing in virtually every market around the world. There remains much uncertainty as to when cinemas in different countries may once again be able to open their doors and what movies will be available to screen when they do, with so many major titles displaced and currently unset.

We may not all know the when, but we can and should all be considering the what and the how of rebuilding this great industry to past and recent glories. But before we can make those plans, we must identify and understand the signs of potential recovery.

It is with this in mind that Gower Street has created a considered blueprint to recovery, marking five key and identifiable stages which can be applied on city, county, state, territory, regional or global scales, depending on your focus:

Stage 1: Open Day

The foundation point at which a significant majority, 80% by market share, of cinemas are ready to begin operation providing a base from which to build on.

Stage 2: Base Day

The first day of operation in which box office reaches the lowest day's box office result from the past two years. This would signify a core audience willingness to return to cinemas irrespective of the product offering.

Stage 3: Base Week

The first full-week of operation in which box office reaches the lowest week's box office result from the past two years. This would signify consistency of audience engagement over a minimum period.

Stage 4: Material Week

A significant milestone from which to build on. This would be the first full-week to achieve a median level of the weekly business seen across the past two years. This would signify broader customer comfort with returning to the cinema environment and require compelling content to bring them in.

Stage 5: Recovery Week

This would be a week with equivalent performance to those in the top quartile of weekly business in the past two years. This would be dependent on a robust release calendar.

From this point the market should react as normal, with an ebb and flow dependent on the release calendar.

It looked like there might be positive moves coming from China in late March as several hundred cinemas re-opened and China Film proposed an offering of popular library titles at zero terms (with exhibition receiving 100% of profits) to help theaters get back on their feet while also enabling them to offer reduced ticket prices to encourage audiences to return. However, any hopeful signs this offered were quelled when cinemas were advised to close again on Friday March 29.

One criticism that had come out of the early openings, however, was that there appeared to be a lack of co-ordinated approach even within the one market.

Gower Street CEO Dimitrios Mitsinikos has proposed the global industry look at creating a joined-up "Global Celebration of the Cinema Experience", modelled on initiatives such as France's Fête du Cinéma promotion, to help encourage audiences re-engagement; support exhibition in returning to full operation; and enable distributors to prepare for and market new releases. The China example may suggest such a co-ordinated approach may indeed be vital and that it may be necessary to await a critical mass of global theaters to be available to participate to implement it. This would not prevent individual markets, capable of re-opening at their own Open Day level, from doing so earlier with local distributors and exhibitors enacting their own co-ordinated stimulus plans.

Never has the symbiotic relationship between distribution and exhibition been more vital. Both will need to come together for such an initiative to work, but the industry can only recover quickly if we all work together and lay the foundations for a reboot unlike anything we've seen before.