

Cinemas - UK - June 2010

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What is this report about?

The cinema industry in the UK is currently surfing the crest of a wave, buoyed by higher admissions as people have turned to it as a good value escape during recession and sharply higher revenues as a result of the growth in the number of premium-priced 3D films they are showing. Prospects for the future look positive, however, factors which could potentially hold back the market include a slowdown in the building of new cinema sites and also consumer concerns that cinema ticket prices are becoming too expensive.

Mintel last reported on this market in Cinemas – UK May 2008. This report charts the development of industry revenues and admissions since then, identifies current issues and market trends, and provides pointers as to likely future developments.

What have we found out?

- The cinema market has continued to grow both in terms of number of admissions (+5.7%) and revenues (+9.5%) generated during 2009, in spite of recessionary pressures.
- Cinema is seen by consumers as an affordable treat during times of recession so that a trip to the cinema allows them to escape everyday pressures for a while without feeling guilty about how much they are spending.
- The increased proportion of movie titles released in 3D was behind the stronger growth in revenue compared to admissions. 3D also has the added attraction to exhibitors and film distributors of being much harder to pirate through recording using a video camera in the auditorium.
- A strong shift towards digital screens in UK cinemas has enabled cinema operators to diversify into new areas, such as the screening of live sports events, music concerts and ballet and opera performances. Operators are increasingly courting the corporate market for venues for conferences, product launches and presentations.
- A steady flow of strong movie releases from established franchises such as Harry Potter and Pirates of the Caribbean has also helped sustain market growth and this is set to continue with the late 2010 release of the penultimate film in the Potter series and in 2011, when the final Potter film and a fourth Pirates of the Caribbean movie come out.
- At 73% of the total, box office takings represent the bulk of industry revenues and have been increasing their share due to the growth of 3D. Retail revenues, mostly from the sale of food and drink, account for 27% of the cinema market. Demand has been affected by the recession - consumers have not necessarily cut back but they are not spending any more than they were a few years ago.

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