Lights, Camera, Call To Action!

The Driving Forces Behind Cinema Advertising

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Opening Credits

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Cinema: A Force Awakened

It is a period of heavy disruption and device proliferation across the nation with mass fragmentation permeating every corner of the video ecosystem. Within this challenging landscape, a bright star shines – CINEMA. With increased attendance and record box office sales, Cinema's success is being driven by POWERFUL STORYTELLING and consumers' desire to temporarily unplug, relax and share experiences with friends and family.

While advertisers pursue elusive MILLENNIALS across devices within this new world order, this group can easily be found – undistracted, attentive and engaged – at the local Cineplex, which has become the new living room away from the home.

Beyond just Millennials, advertisers have been flocking to cinema as a way to further engage captive, desirable audiences and the powerful force of cinema advertising has made it hard for consumers to resist taking ACTION after seeing an advertisers' message on the big screen. Read on to discover more….

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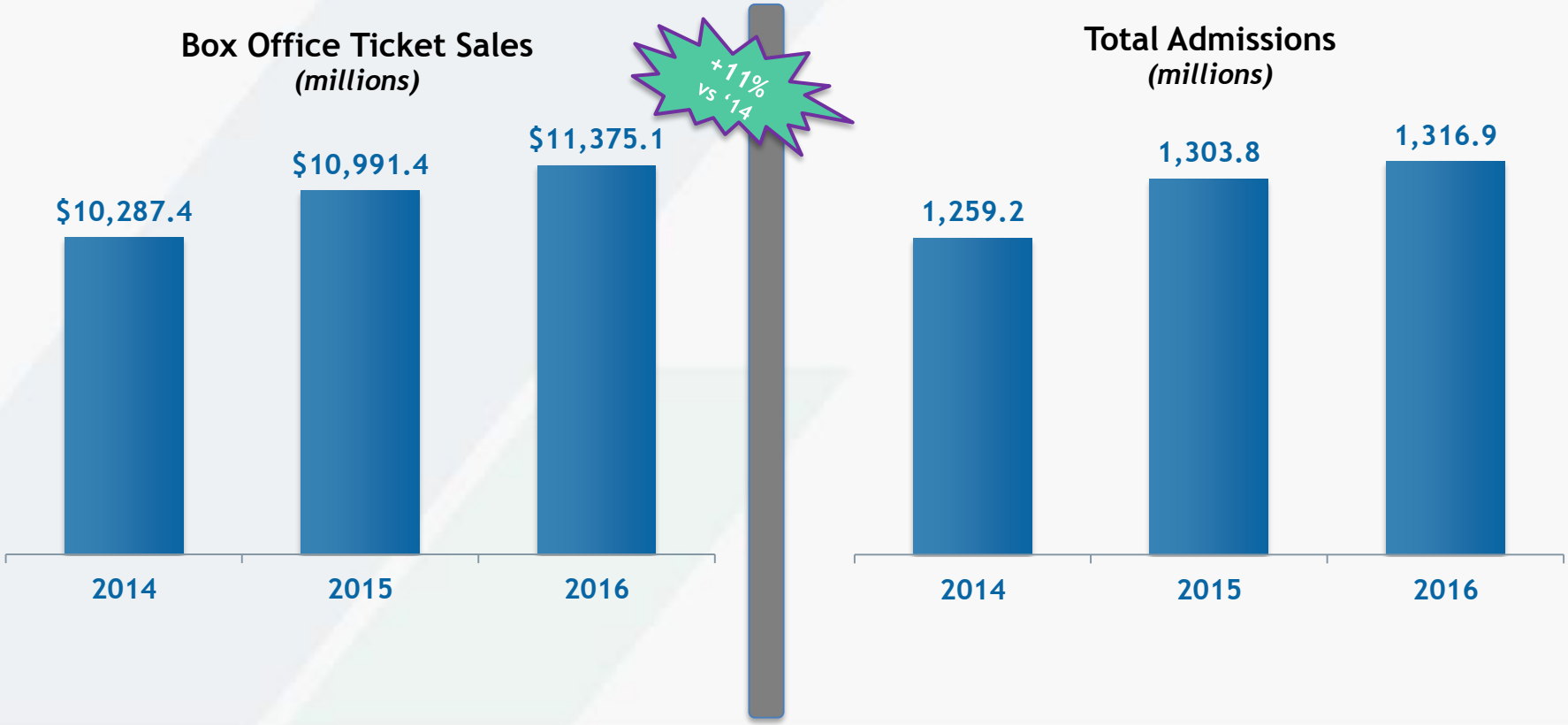
How Is The Movie Industry Doing?

2016 Marked A Record Year In U.S. Box Office Revenues And Attendance Was Also Up

3-Year Trend



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Source: SNL Kagan 2016 and Box Office Mojo (referenced for 2016 box office revenue)

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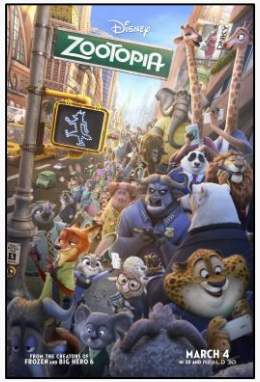
Beyond The Record Box Office, Cinema Also Hit Several Other Milestones During 2016

Biggest R-rated movie opening weekend ever; Biggest February opening weekend ever

Biggest worldwide opening weekend ever for a superhero film

Highest-grossing original animated film ever

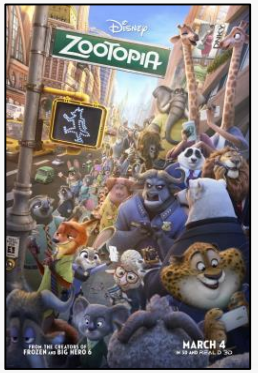


Biggest domestic opening weekend for and any animated film

Highest domestic opening weekend for an original film of any kind

Highest-grossing Marvel single character debut worldwide

First time ever *two* animated films earned over $1 Billion worldwide in the same year



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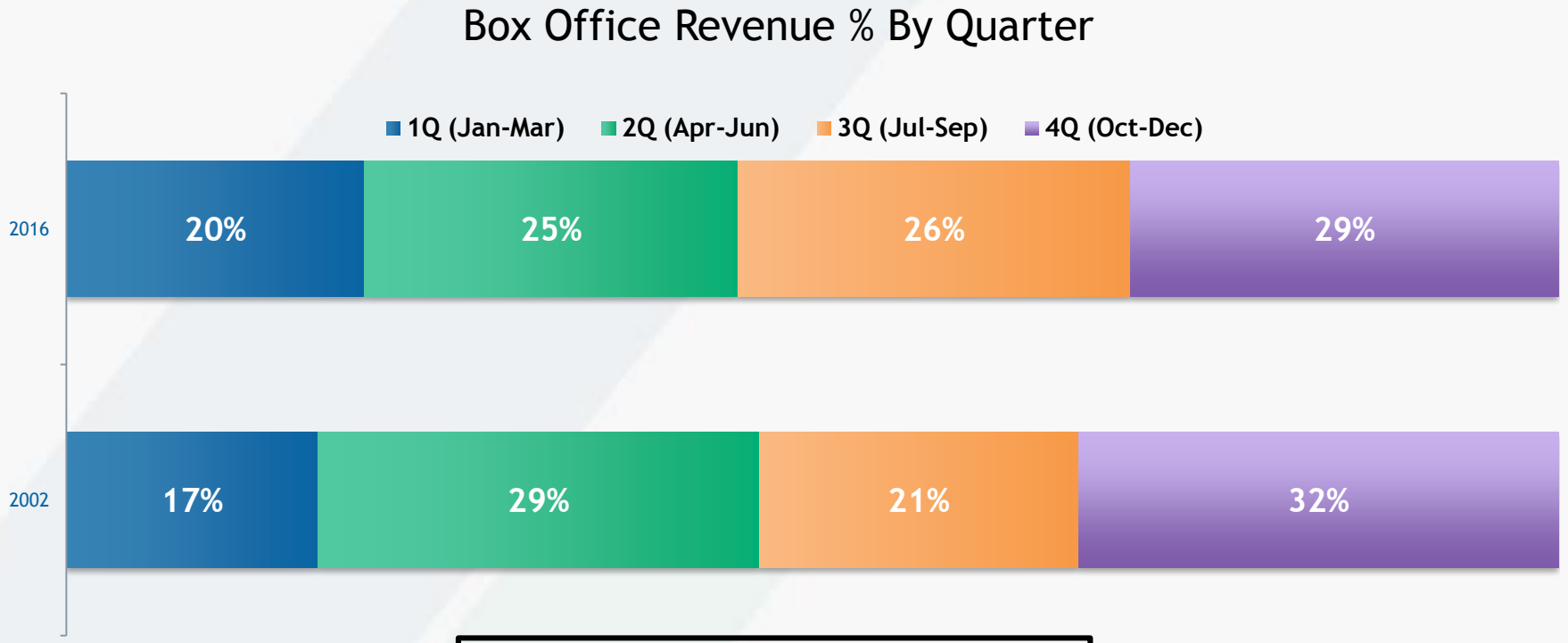
Box Office Revenues Are More Equitably Divided Across Quarters Now Than They Were Fifteen Years Ago



2016 Box Office Revenue Splits:

1st Half: 45% / 2nd Half: 55%

1Q & 3Q: 46% / 2Q & 4Q: 54%

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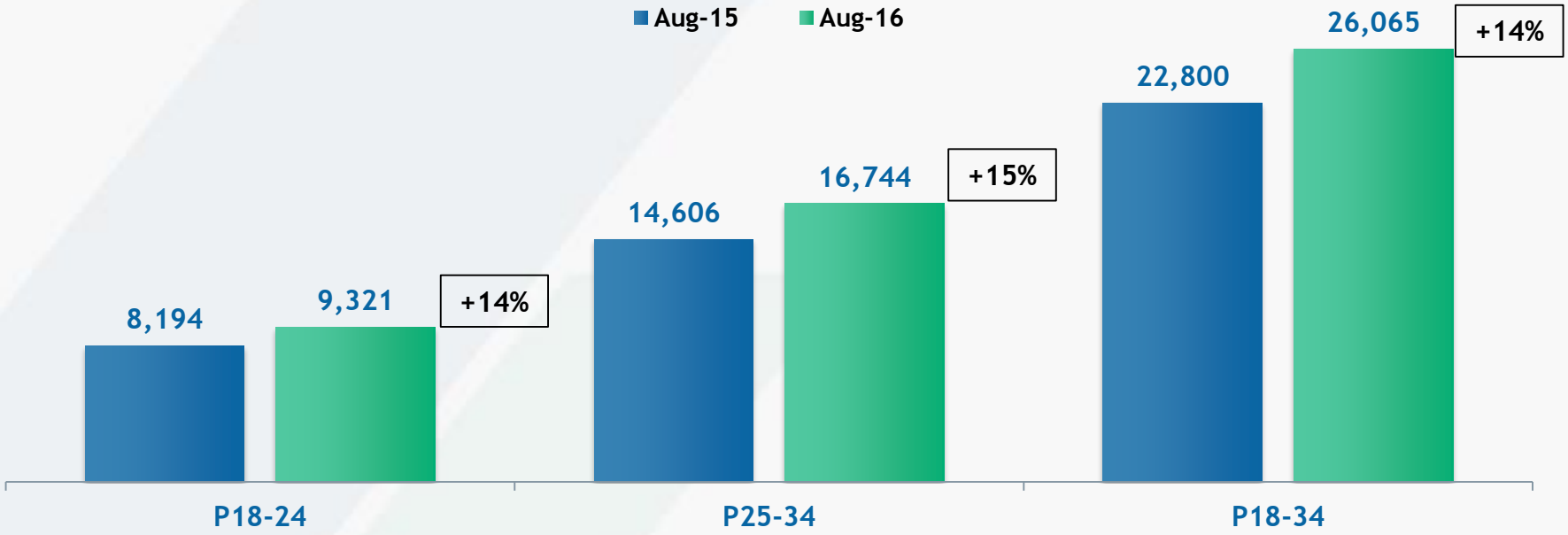
Source: Box Office Mojo

More Millennials Are Going To The Movies As Unique Reach Grew By Double Digits YOY in 2016

Cinema Unique Reach By Demo

August 2015 vs. August 2016



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Source: Nielsen Media Impact, August 2015 vs. August 2016 (8/1-8/31) for cinema unique reach.

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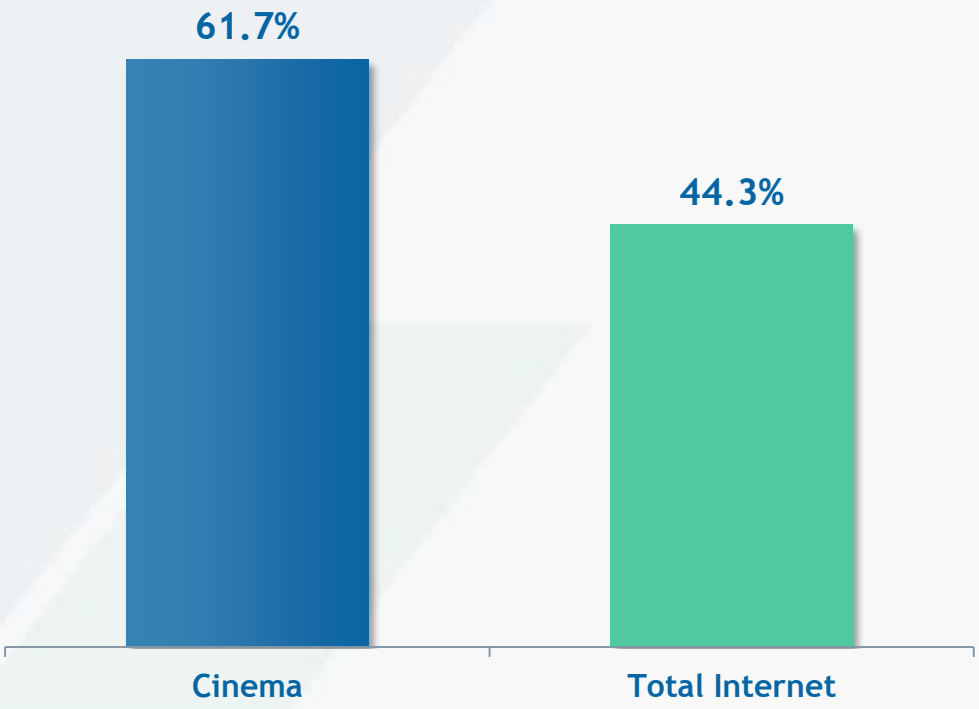
Cinema Has The Composition…Generation Z & Millennials Make Up A Greater Portion Of The Audience Than The Internet

P6-34 Audience Composition

Cinema vs. Total Internet



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Source: Nielsen Cinema Audience Report, August 2016 for cinema audience composition. comScore August 2016, mediametrix multiplatform for Total Internet based on unique visitors. Composition for both cinema and digital based on P2+.

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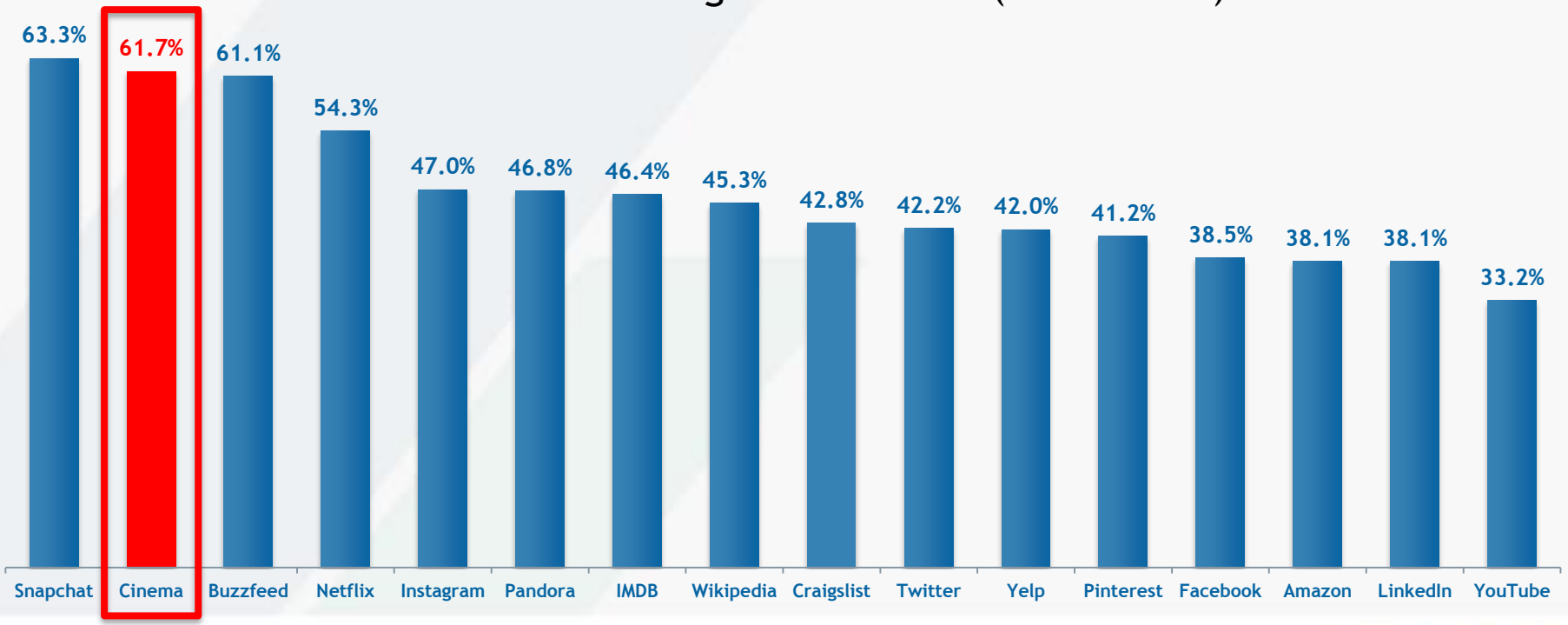
Cinema Provides Both Scale & High Concentration Of Young People Vs. Targeted Digital Platforms

Cinema ranks #2 on composition vs. digital platforms with 50MM+ monthly unique visitors

P6-34 Audience Composition

Cinema vs. Select Digital Platforms (50MM+ UVs)



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Source: Nielsen Media Impact, August 2016 for unique cinema reach (50MM+); Nielsen Cinema Audience Report, August 2016 for cinema audience composition. comScore August 2016, mediametrix multiplatform for digital platforms. Composition for both cinema and digital based on P2+.

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Why Is Business Booming?

A Look At Category, Consumer & Macroeconomic Trends

Powerful Storytelling, Fantastic Franchises, Family Fun & Big Stars Are Driving The Box Office During The Digital Age

Top 20 Movies Released In 2016

1. $529.5MM — Rogue One: A Star Wars Story
2. $486.3MM — Finding Dory
3. $408.1MM — Captain America: Civil War
4. $368.4MM — The Secret Life of Pets
5. $364.0MM — The Jungle Book
6. $363.1MM — Deadpool
7. $341.3MM — Zootopia
8. $330.4MM — Batman v Superman: Dawn of Justice
9. $325.1MM — Suicide Squad
10. $267.6MM — Sing
11. $246.0MM — Moana
12. $233.3MM — Fantastic Beasts and Where to Find Them
13. $232.5MM — Doctor Strange
14. $162.4MM — Jason Bourne
15. $158.8MM — Star Trek Beyond
16. $155.4MM — X-Men: Apocalypse
17. $153.4MM — Trolls
18. $152.8MM — Hidden Figures
19. $143.5MM — Kung Fu Panda 3
20. $140.9MM — La La Land

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Source: Box Office Mojo, U.S. domestic grosses as of 2/27/17

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People, Specifically Millennials, Value A Work-Life Balance Which Enables Them To Enjoy More Experiences

Millennials' have a new definition of career success where salary takes a backseat to work-life balance and, thus, material goods take a backseat to shared experiences with friends

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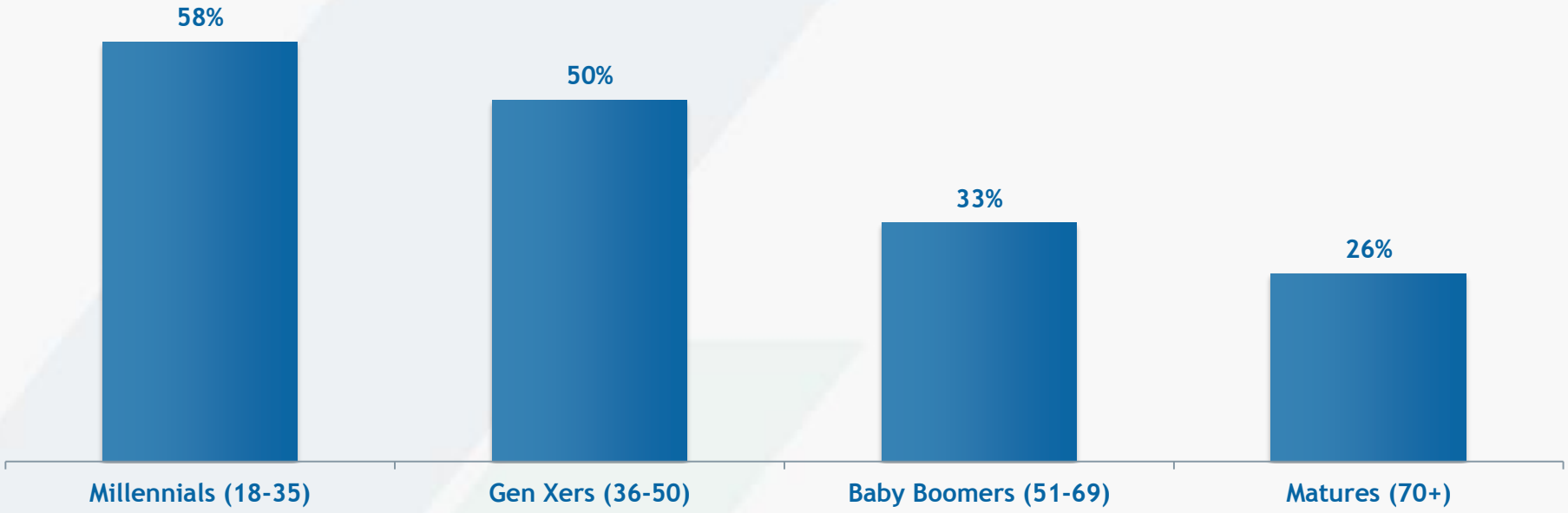
Source: KPMG; Mindshare's 2017 Culture Vulture Report

In This World Of Device Overload, People Across Generations Are Looking To "Unplug" For At Least A Little Bit

"How Often Do You Make An Attempt To Unplug"

Once a week or more



Of those who attempt to unplug, 48% of Millennials and 58% of Gen Xers say they do it to spend more quality time with their family

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Source: The Harris Poll. 2,193 U.S. adults surveyed online between January 13-18, 2016. "Unplug" refers to disconnecting / avoiding the internet, social media, email, text messages, etc

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The Local Cineplex Has Become A Home Away From Home And Their Screens Have Become The New Living Room

Recent cinema innovations rival, and oftentimes exceed, the creature comforts of even the most advanced home theaters

Crisper Screens With Immersive Visuals

State-Of-The-Art Dolby Surround Sound

Upgraded Food Options With Dine-In Experience

Fully-Stocked Bars

Reserved Seating So You Can Sit In Your Favorite Seat In The "House"

Sit Back & Relax In Recliners!

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From An Economic Standpoint, Median Household Income Is The Highest It's Been Since 2007

With a rising median HHI, more adults (85%) say that they are satisfied with their personal life, up from 78% in 2011

Median U.S. HHI

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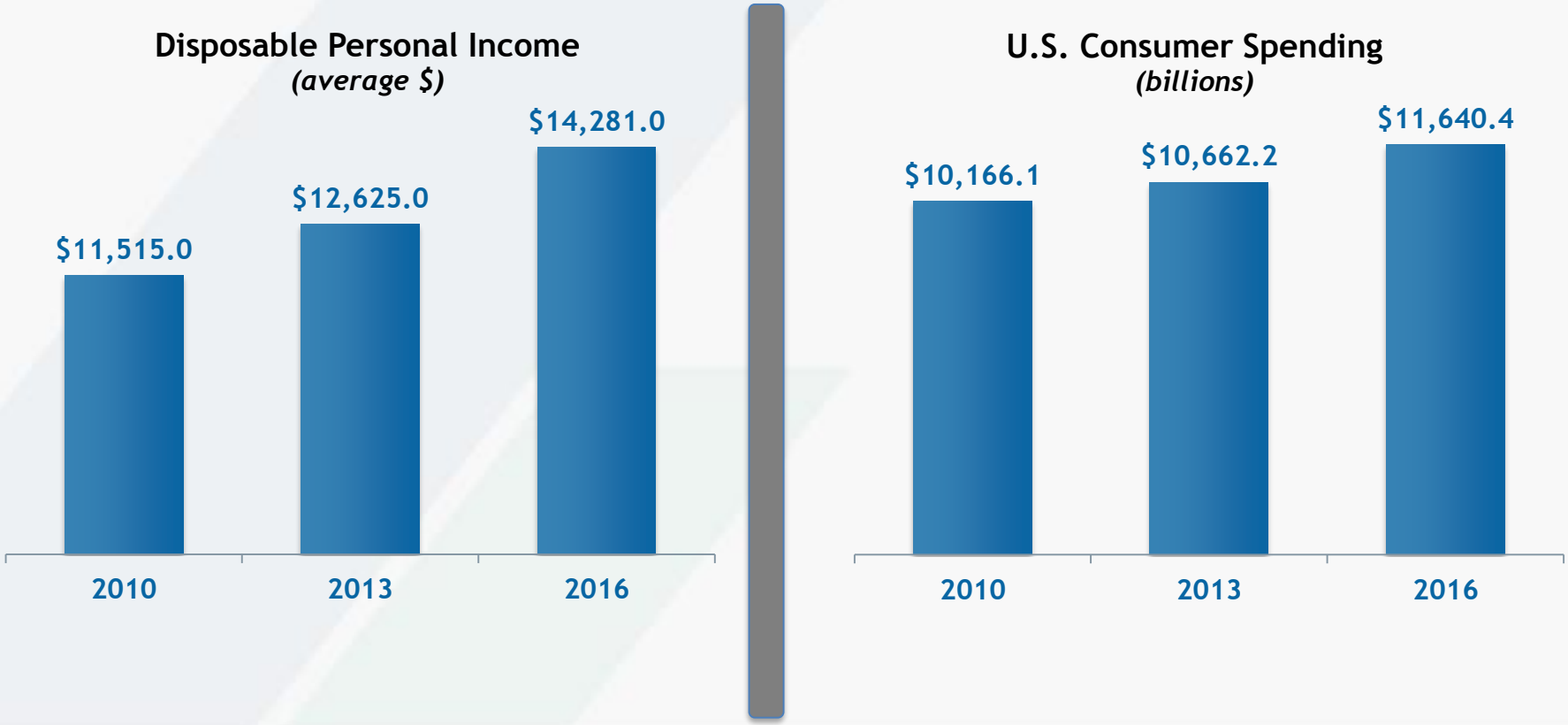
Source: U.S. Census Bureau data; Mindshare's 2017 Culture Vulture Report

With A Higher Median HHI Comes Greater Average Disposable Income Which Increases Overall Consumer Spending

6-Year Trend



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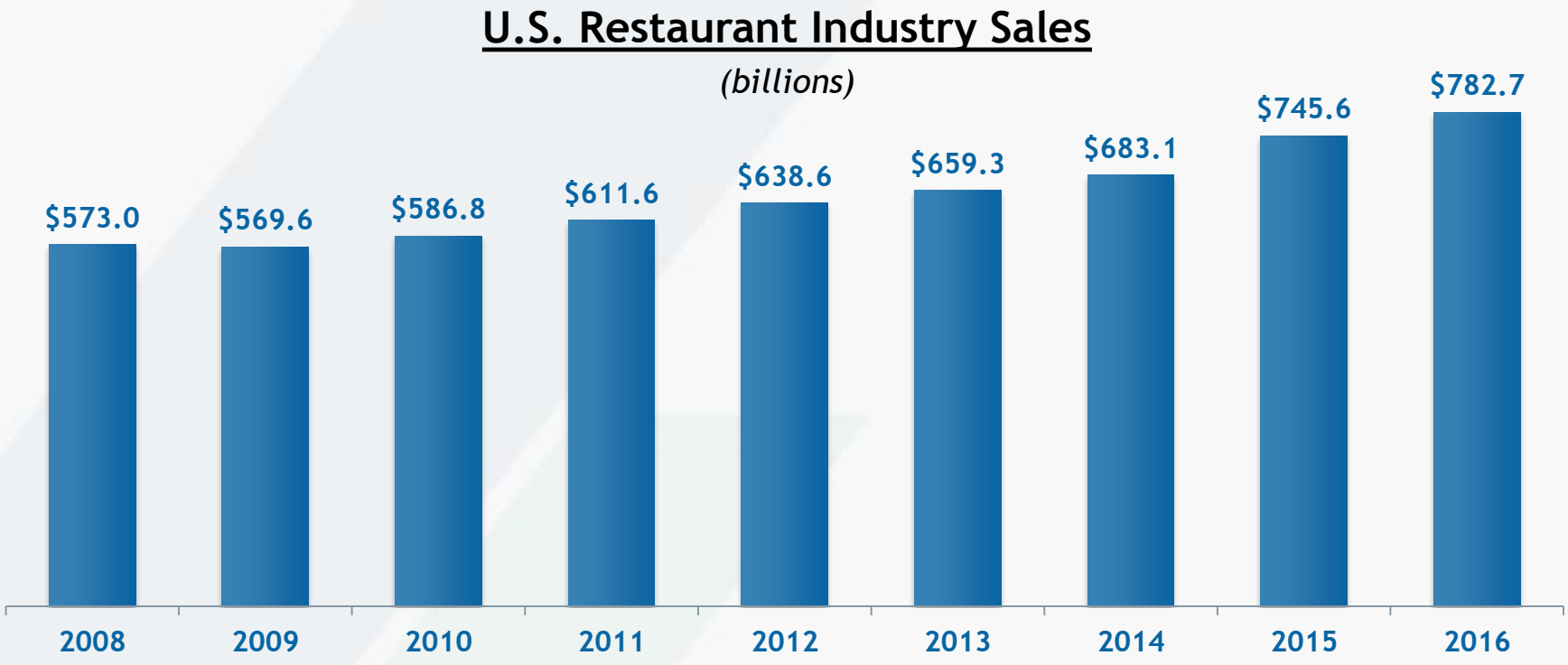
Source: Trading Economics via U.S. Bureau of Economic Analysis; based on December statistics of each year

Flushed With Increased Spending Cash, Adults Can Afford To Go Out More Than In Recent Years



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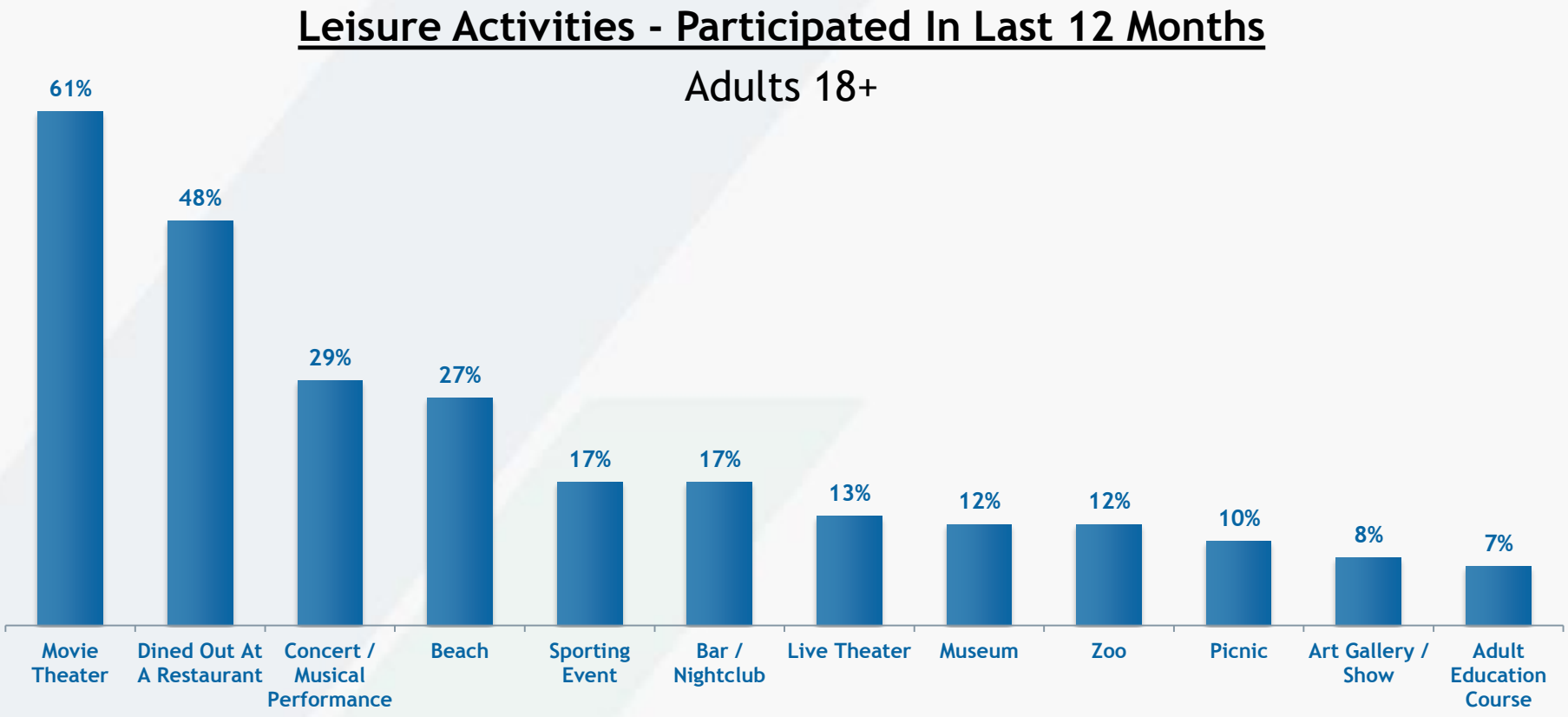
Source: Statista (restaurant industry food and drink sales in the U.S. 1970 – 2016)

Based On Recent Trends, It's Not Surprising That Movies Are The Most Popular "Away From Home" Entertainment



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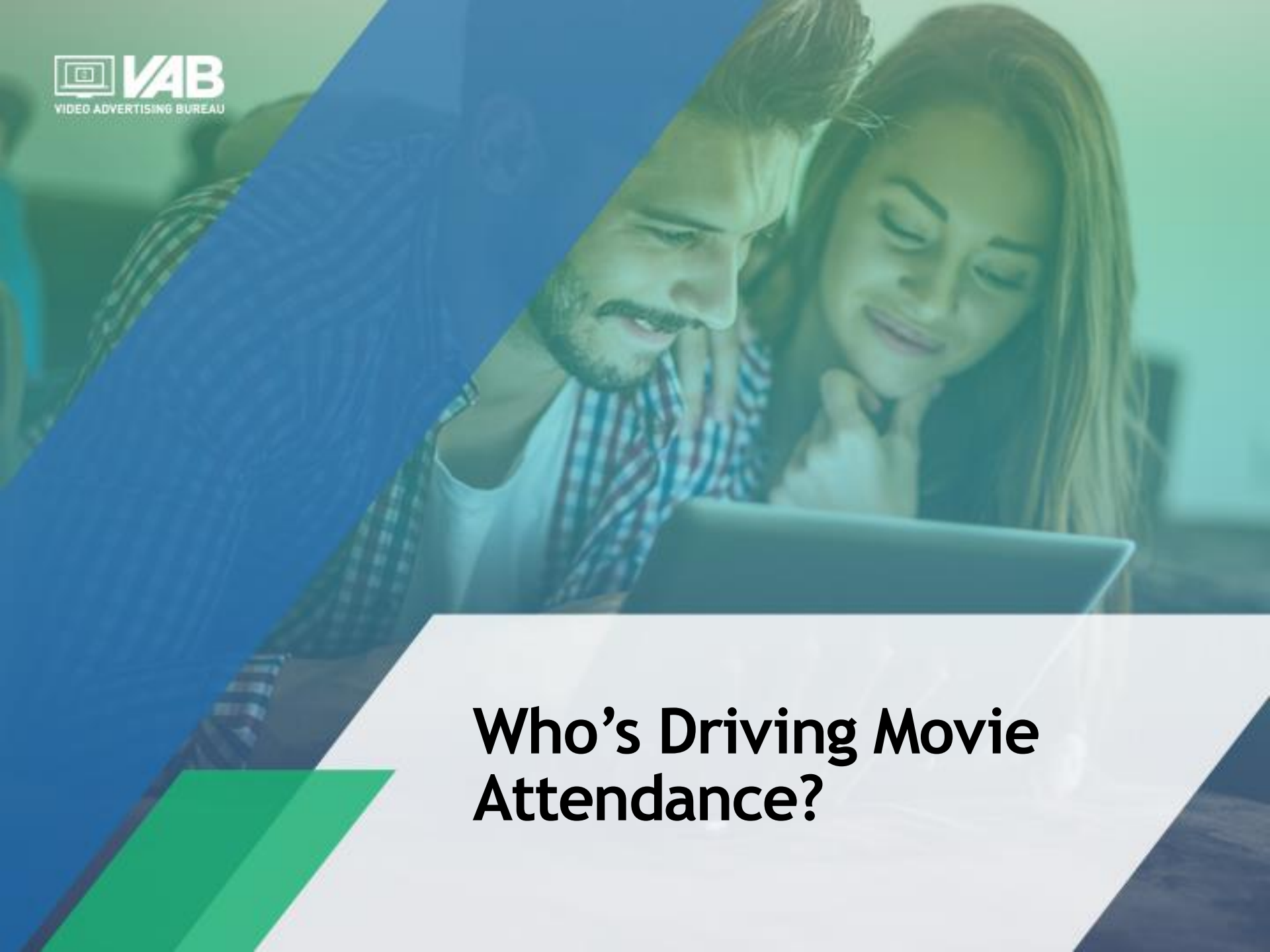
Source: GfK MRI 2016 Doublebase



Who's Driving Movie Attendance?

The "Heavy" Movie-Going Audience Is Young, Multicultural, Affluent, Educated, & Professional Urban/Suburbanites

Although EVERYONE goes to the movies, there are certain characteristics among the "heavy" movie-going audience, which is defined here as "have gone to the movie theater at least once in the last month" and accounts for 18% of the A18+ population according to GfK MRI

M/F Split
Female: **51% (99)**
Men: **49% (101)**

Marital Status
Never Married: **35% (125)**
Married: **51% (96)**
Engaged: **6% (126)**

Age
18-24: **20% (157)**
25-34: **20% (114)**
35-44: **18% (108)**
18-34: **40% (132)**
18-49: **66% (114)**

Employment
Employed: **67% (111)**
Not Employed: **32% (83)**
Student: **12% (153)**
Retired: **13% (71)**

Education
Bachelor's Degree Only: **22% (119)**
Graduated College or More: **33% (118)**

Occupation
Professional/Technical: **17% (119)**
Sales: **9% (124)**
Office/Administrative: **7% (116)**
MGMT/Business/Financial Operations: **11% (112)**
Construction / Maintenance: **5% (95)**
Other: **18% (102)**

Household Income
$50K+: **68% (114)**
$75K+: **49% (118)**
$100K+: **35% (123)**

Own / Rent Home
Own: **64% (96)**
Rent: **35% (117)**

Geographic Skew
Lives in "A" County: **47% (112)**
Lives in "B" County: **31% (105)**
Lives in "C" County: **13% (88)**
Lives in "D" County: **12% (67)**

Race
White: **61% (90)**
Black: **13% (113)**
Hispanic: **20% (131)**
Asian: **4% (125)**
Other: **1% (92)**

Presence of Children At Home
Any: **52% (132)**
2+: **31% (131)**

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Source: GfK 2016 MRI Doublebase; Base = 18+. % = composition of "heavy" movie-going audience target; Index (in parenthesis) = composition index vs. A18+ population. Red reflects indices below 90. "Heavy" movie-going target = "gone to the movie theater at least once in the last month."

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Key Heavy Movie-Going Audience Segment: "Magnetic Millennials" Archetype

Connected Collectives

Technology is their lifeline and their smartphone (114) is their connector. They strive to be accessible (111) to their friends and family whenever and wherever they are. Magnetic Millennials enjoy connecting with their circle of friends across social networks (122), are heavy Instagrammers (140) and love sharing their thoughts and opinions about their favorite TV programs in real-time on Twitter (132).

Savvy Sophisticates

Career-oriented (112) and driven (114) while maintaining a strong work-life balance, they pride themselves on their sophistication (112) and indulge in finer interests like the arts (116) in their spare time. They strive to be the first one in their peer group to try a new product or service (117) and the knowledge they accumulate from this leads people to come to them for advice before making purchases (116).

With a median age of 25, ***Magnetic Millennials*** value their friendships and are (almost) always connected. They're much more than just movie-goers as they explore a variety of interests to better themselves and maintain a very active lifestyle in both their community and throughout their travels with their strong circle of friends or partner.

Active Acolytes

Much more than just movie goers, they're beach-going (128), bar-hopping (127), video game-playing (152), karaoke-singing (180), museum-visiting (160), concert-going (149), sport event-attending (140), live theater-going (170) foodies (118).

Stamp My Passport!

They're not just content with doing activities in their community either, these adventurous frequent fliers (127) and passport owners (127) are active foreign travelers (139) who select vacations that offer a variety of activities to do (114).

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Source: GfK 2016 MRI Doublebase. Index (in parenthesis) = composition index vs. A18+ population. Based on "heavy" movie-going target = "gone to the movie theater at least once in the last month."

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Key Heavy Movie-Going Audience Segment: "Family Focuseds" Archetype

Curious Connectors

Technology is a huge part of their lives and they are always connected and reachable to their family (114). They use social media to follow the activities of their family & friends (122) and network with professional contacts (136). They have a habit of turning their "brand curiosity" into "brand activism" by not only connecting with brands through social platforms (121) but also sharing their opinions of services and products online (114).

With an adult median age of 39 who have children in the 6-12 age range, ***Family Focuseds*** are always connected to their family, either through technology or through shared bonding experiences both in and out of the home that goes well beyond movie matinees. The duality of being both savers and spenders is in direct relation to the needs of their family.

Saving Spenders

Although "Family Focuseds" are savvy with their finances (111), are moderate risk-takers looking to maximize their investments (116) and are willing to share their financial advice with others (114) while carefully monitoring their 401K to prepare for their future (117), they also enjoy living in the now and are free spenders in "family" categories like clothing/apparel (114), automotive (117), groceries (132), home entertainment and furnishings (120).

Home Sweet Home!

Home is truly where their heart is as these home decorators (117) value quality family bonding time through TV nights (130) and board games (145) with their children while occasionally entertaining friends (116) with some wine & a home-cooked dinner (119).

Exuberant Experiencers

They're not just home bodies either, whether it's a picnic in the park (122), a trek to the zoo (141), a fun weekend dinner out at a local restaurant (139) or a week-long domestic vacation (140) or cruise (146), the family values collective experiences together.

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Source: GfK 2016 MRI Doublebase. Index (in parenthesis) = composition index vs. A18+ population. Based on "heavy" movie-going target = "gone to the movie theater at least once in the last month."

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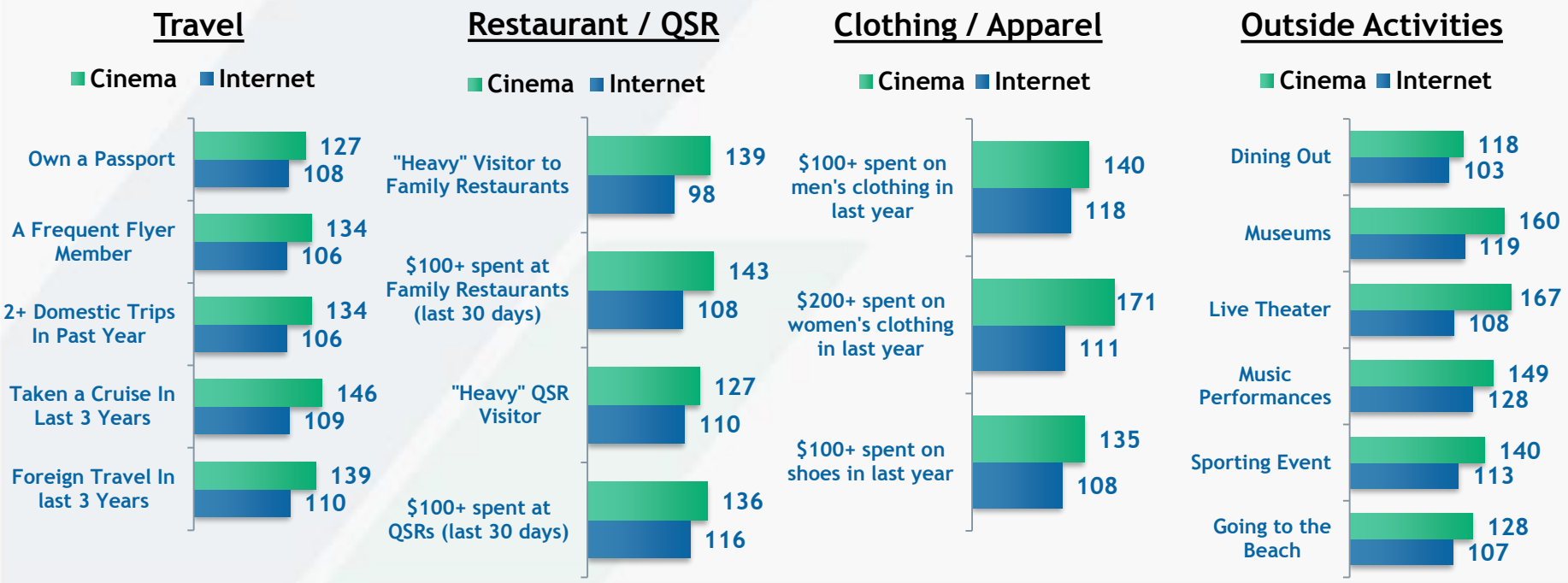
In Many Categories, The "Heavy" Movie-Going Audience Is More Desirable Target Than Even The "Heavy" Internet User

Heavy movie-goers are more likely to be energetic Millennials that engage in a variety of activities beyond their devices and also families that seek out memorable bonding experiences. Because of this, movie-goers are a more attractive audience for top advertiser categories than heavy internet users.

Key Category Indices: "Heavy" Movie-Going Audience vs. "Heavy" Internet User



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Source: GfK 2016 MRI Doublebase. Charts reflect "index" = composition index vs. A18+ population. "Cinema" is based on "heavy" movie-going target - "gone to the movie theater at least once in the last month" – and reflects 18% of U.S. A18+ pop. "Internet" is based on "heavy" internet user – quintile 1 (heaviest) consumption – and reflects 20% of U.S. 18+ pop.

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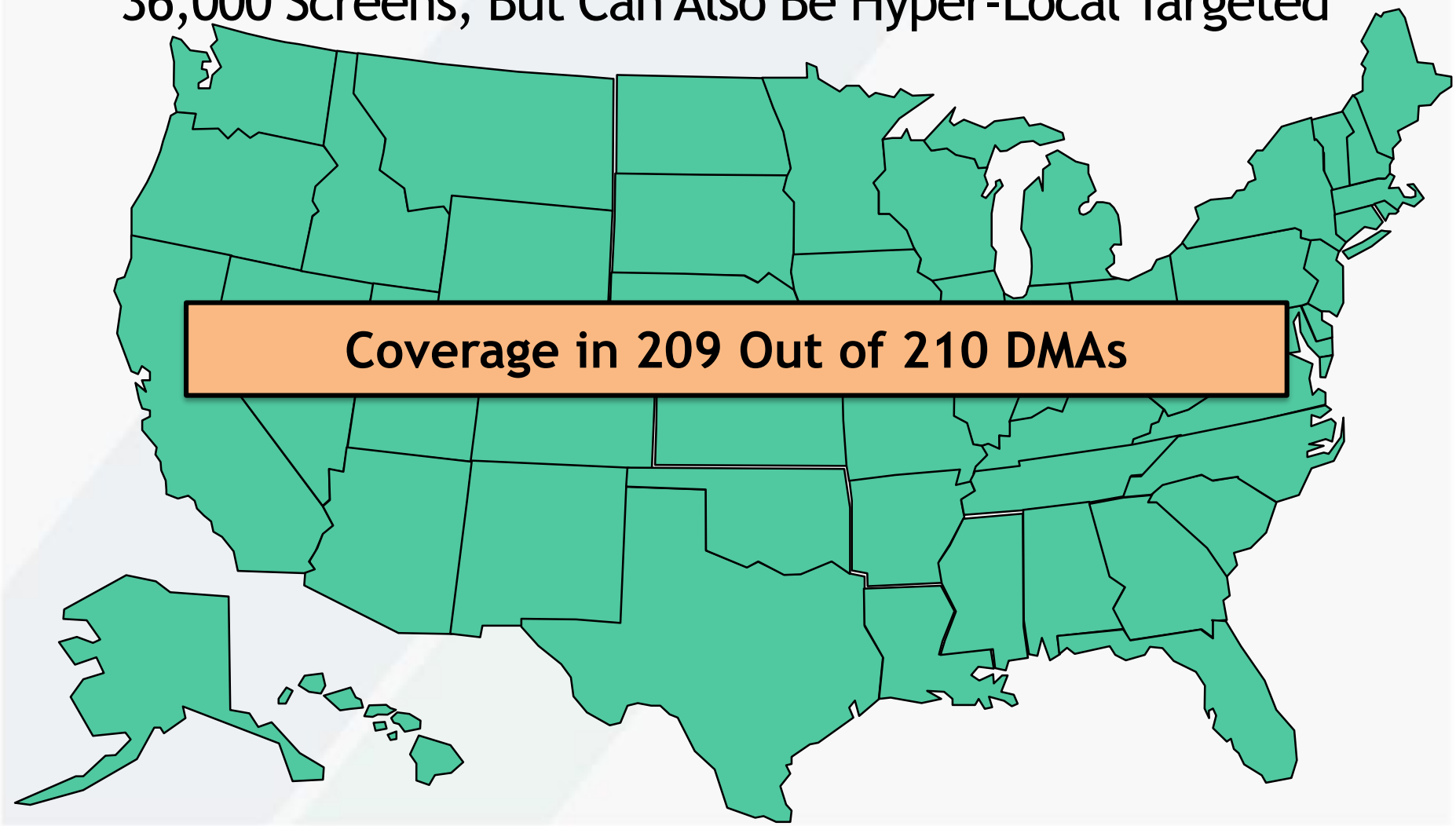
What Key Categories Are Advertising In Cinema?

Cinema Advertising Has Nationwide Coverage On Almost 36,000 Screens, But Can Also Be Hyper-Local Targeted



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Source: VAB Cinema Market Representation Report, 4Q 2016. Excludes Glendive, #210 ranked DMA. Cinema advertising coverage based on market representation for NCM CIneMedia, Screenvision & Spotlight Cinema.

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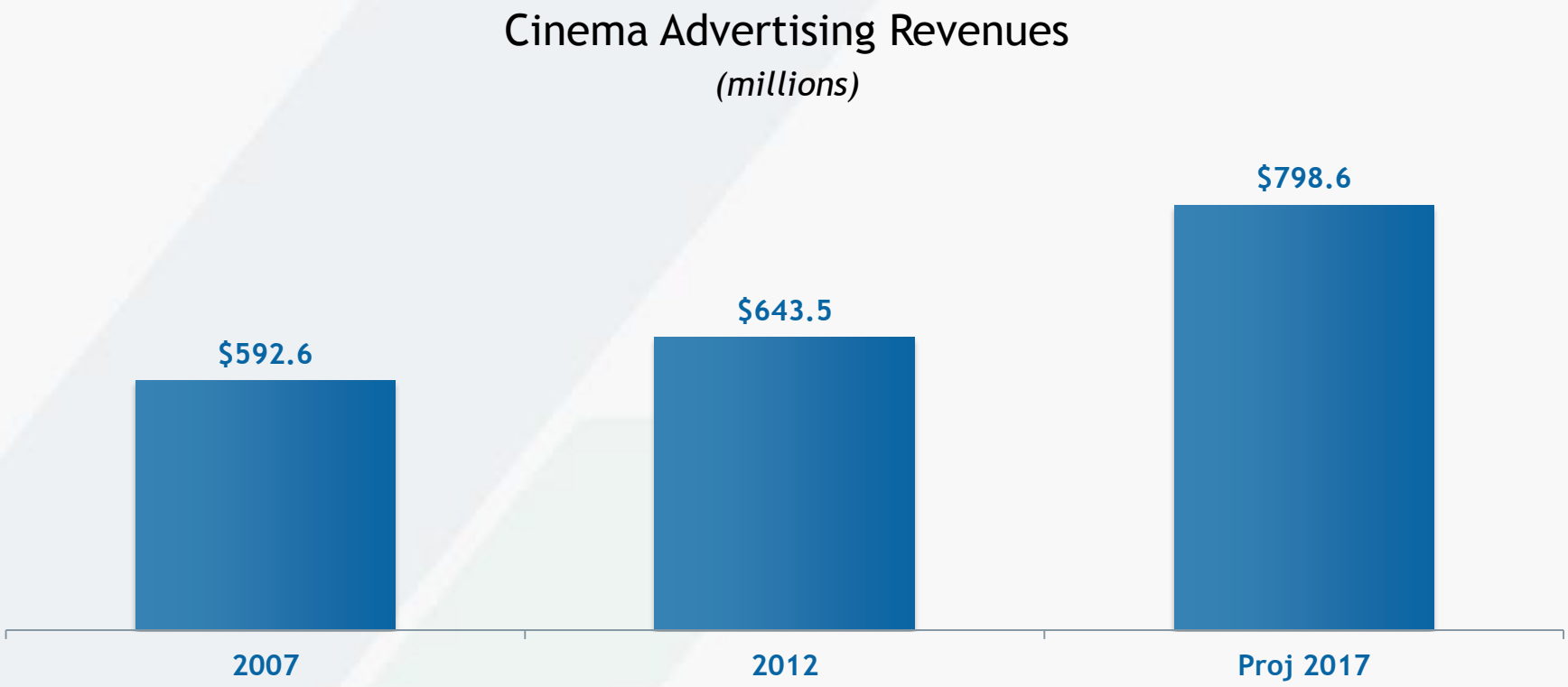
Cinema Advertising Has Shown Consistent Growth Over The Last Ten Years



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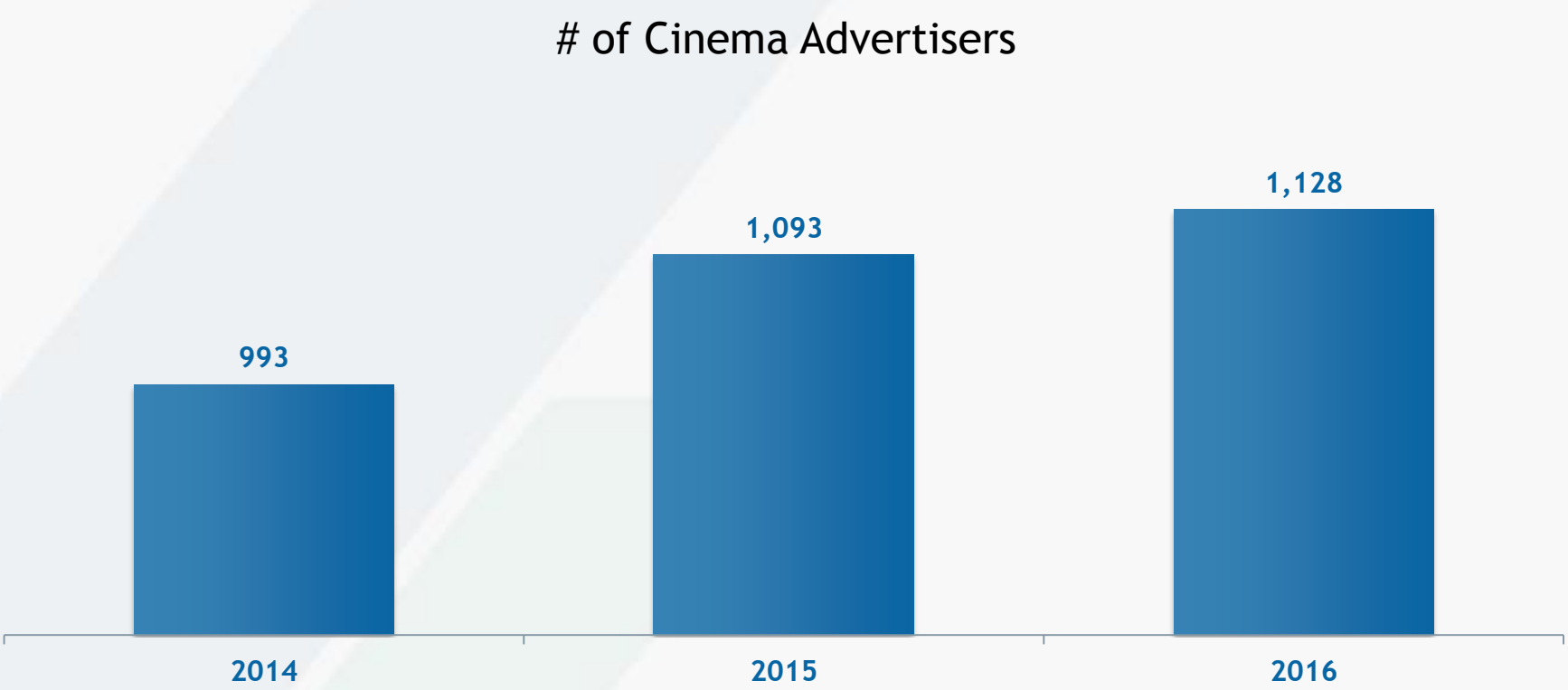
Source: SNL Kagan, as of 7/18/16, reflects on-screen advertising revenues only

There's Been A 14% Increase Of Cinema Advertisers Over Just The Last Three Years



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Source: Nielsen Ad*Intel, based on brand level advertisers; includes both national & regional cinema advertising

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Top Advertisers Are Drawn To The Captive, Engaged & Desirable Audiences That Cinema Provides

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Source: Nielsen Ad*Intel. Chart reflects an abbreviated list of select advertisers by category.

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Cinema Advertising Runs The Spectrum Across Millennial- & Family-Focused Categories & Brands

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Source: Nielsen Ad*Intel. Chart reflects an abbreviated list of select advertisers by category.

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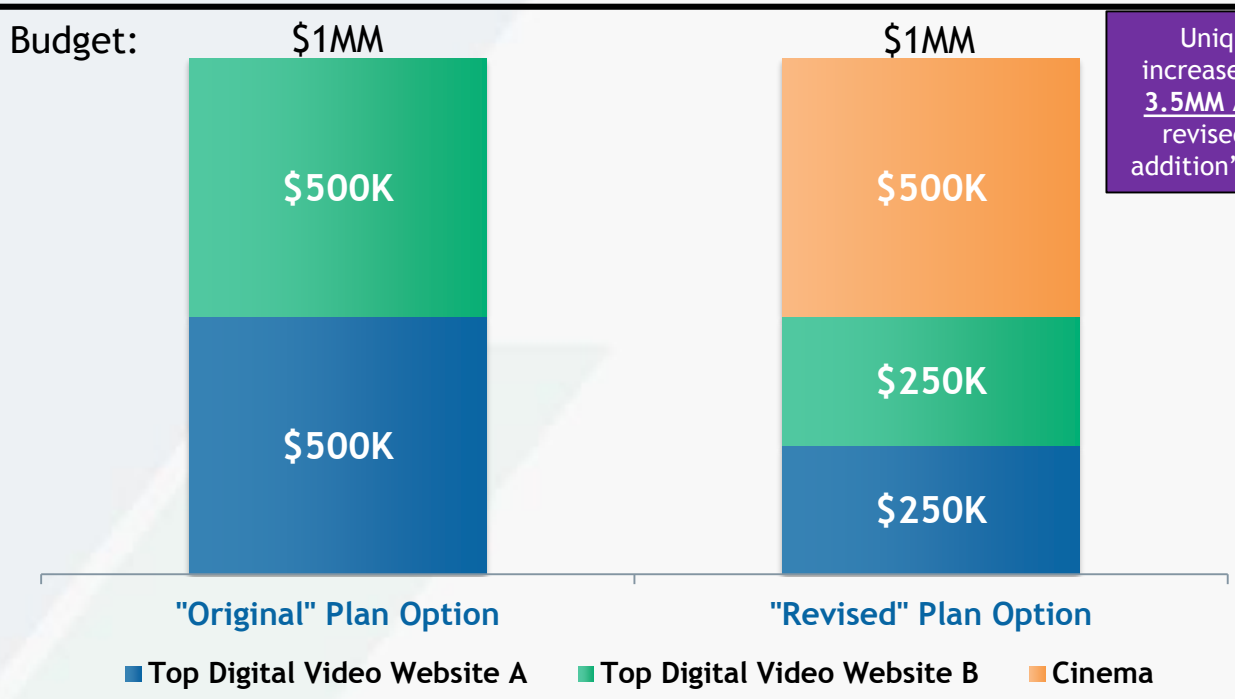
How Does Cinema Advertising Drive Consumer Action?

Cinema Can Increase Unique Reach As A Partial Digital Video Replacement Within An Advertiser's Media Mix

$1MM Plan Schematics *Example*: "Digital Video To Cinema" Re-allocation

Est. A18+ Unique Reach (000):	22,292.3	25,744.2	+3,451.9



Unique reach increases by almost **3.5MM A18+** in the revised "cinema addition" plan option

*Plan schematics based on *estimated* average marketplace costs for top digital video websites and cinema

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Source: Nielsen Media Impact based on Nielsen total media fusion data. Plan schematics and optimizations within Nielsen Media Impact are based on 5/30/16 – 6/26/16 data for the one-month 2017 projection reflected in above chart. Adults 18+.

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Many "Primary" Cinema Advertisers See Their Monthly Website Traffic Increase When They're Active On The Big Screen

"Primary" cinema advertisers reflect those brands who spend very little-to-no dollars on TV support and rely primarily on cinema for their targeted video adjacencies with premium, professional content

Select Examples:

	"When On" / "When Off" Comparison (Jan '15 - Dec '16)			
Avg Mnthly Unique Website Visitors (000):	VANS	Disney Destinations	shazam	U.S. Coast Guard
"When On" Cinema Advertising:	1,238	278	19,646	142
"When Off" Cinema Advertising:	1,151	207	18,695	115
% Difference:	+8%	+34%	+5%	+24%
Avg Mnthly Cinema Spend "When On" (000):	+$287	+$630	+$2,366	+$499

Avg Mnthly Unique Website Visitors (000):	Lee	AEG Live Events	mozilla	Air National Guard
"When On" Cinema Advertising:	183	282	238	276
"When Off" Cinema Advertising:	110	254	129	233
% Difference:	+67%	+11%	+85%	+19%
Avg Mnthly Cinema Spend "When On" (000):	+$421	+$4,750	+$406	+$374

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Source: comScore mediametrix multiplatform media trend; Total audience (P2+), Jan '15 - Dec '16. Nielsen AdIntel, Cinema spend (national & regional cinema), Jan '15 - Dec '16. Reflected brands had at least two months of active comScore measurement between Jan '15 - Dec '16, at least $750K in Nielsen AdIntel reported total cinema spend between 2015-2016 and at least one month each of "When On" & "When Off" activity during comScore measured months for comparison purposes. For AEG, December 2014 was included in the analysis to satisfy the minimum "when off" requirement.

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Many Advertisers Develop Branded Content For The Big Screen That Complements Their Existing Creative Executions

Premium, long-form branded content & storytelling developed for cinema that complements existing, short-form commercials on TV, cinema and other digital platforms drives deep engagement with consumers

Ford Edge

1:00 custom segment for cinema + :30 ad

:30 TV commercial

Adidas Springbade

1:00 custom integration spot with "The Wolverine" for cinema + :30 ad

:30 TV commercial

General Mills

Custom branded trivia segments for cinema + :15 ad

:15 TV commercial

Alienware

"Exclusive footage" custom branded content segment + :30 ad

:30 TV commercial

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Cinema And TV Complement Each Other And Together Drive Consumers To Advertisers' Websites

Select Examples:

	"When On" / "When Off" Comparison (Jan '15 – Dec '16)					
	LG	Hotels.com	esurance	LEGO	INFINITI	U.S.ARMY
"When On" TV Only Months:						
Avg Mnthly Unique Website Visitors (000):	2,843	11,887	1,917	3,833	611	555
Avg Monthly TV Spend (000):	$9,473	$3,392	$7,046	$3,352	$19,863	$5,344
"When On" TV + Cinema Months:						
Avg Mnthly Unique Website Visitors (000):	4,274	16,242	2,527	4,462	730	861
Avg Monthly TV Spend (000):	$9,802	$3,499	$8,975	$3,710	$20,205	$8,930
Avg Monthly Cinema Spend (000):	$995	$690	$560	$477	$2,554	$486
Average Monthly % Change:						
% Change – Unique Visitors:	+50%	+37%	+32%	+16%	+19%	+55%
% Change – TV Spend:	+14%	+3%	+27%	+11%	+2%	+67%

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Source: comScore mediametrix multiplatform media trend; Total audience (P2+), Jan '15 – Dec '16. Nielsen AdIntel, Cinema spend (national & regional cinema), TV spend (cable TV, broadcast TV, SLN cable TV, SLN broadcast TV, syndication TV, spot TV), Jan '15 – Dec '16. Selection criteria: brands had to have spent $1MM+ in cinema & $1MM+ in TV between Jan'15-Dec'16; % of cinema spend as a ratio to TV spend must have indexed over 200 vs. total market average, their brand website had to be comScore measured each month, and they must have had at least one month of "TV only" and "TV + cinema" activity.

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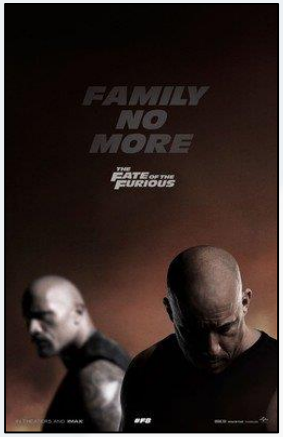
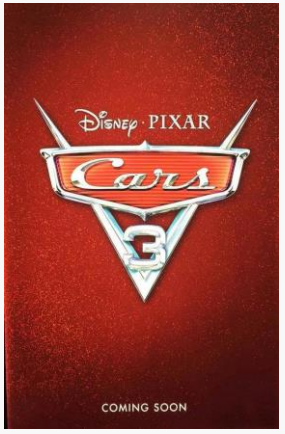
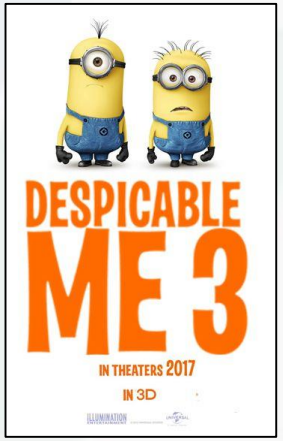
What's Next?

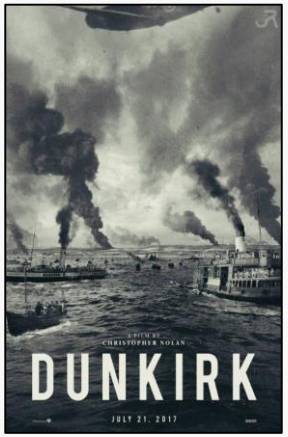
Coming Soon To A Theater Near You!

Advertisers can expect even more in 2017 – ***more*** powerful storytelling, ***more*** films from fantastic franchises, ***more*** family fun and ***more*** big stars









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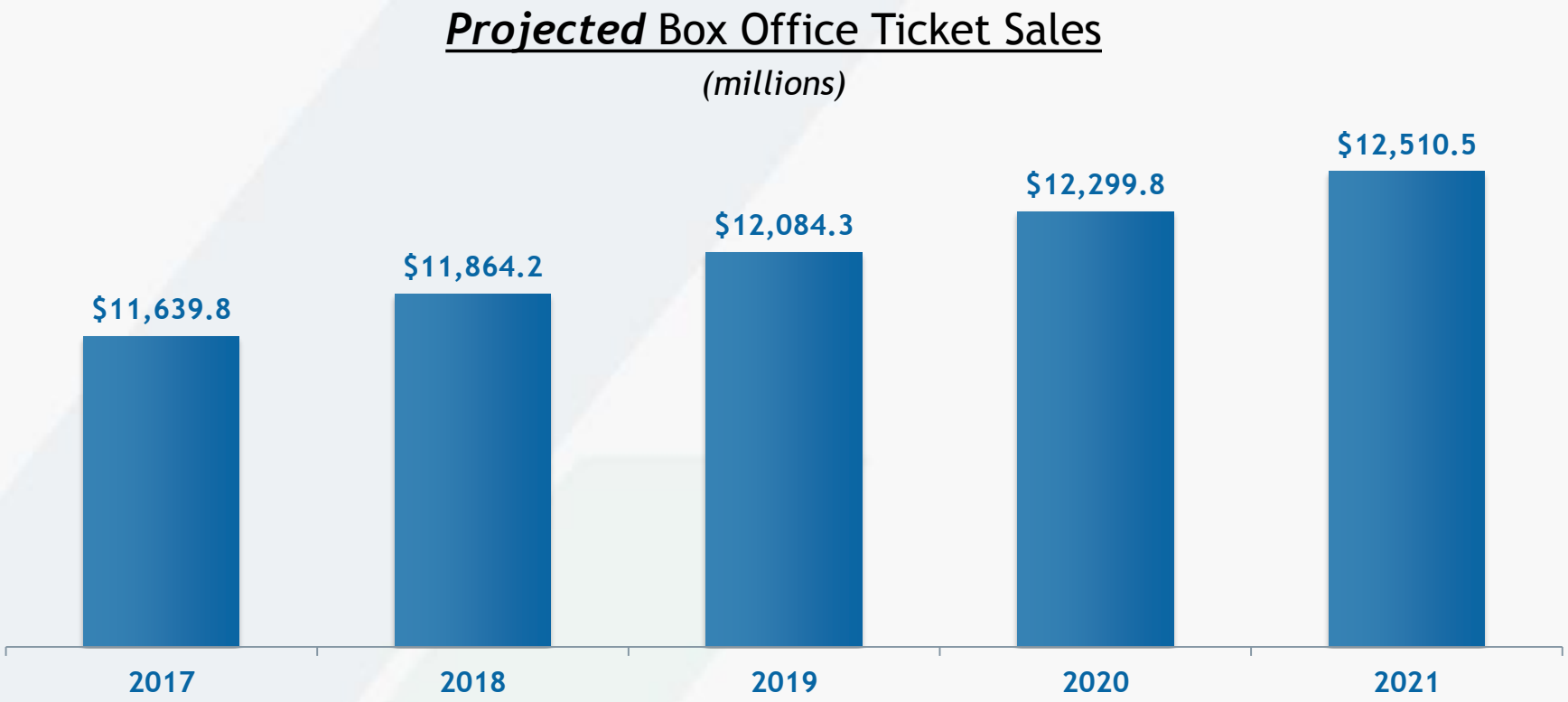
The Movie Industry Is Projected To Continually Break Box Office Records Over The Next Five Years



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Source: SNL Kagan 2016

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