“YOUR CINEMA IS TODAY’S ENTERTAINMENT (DESTINATION)”

ICTA SEMINAR SERIES LOS ANGELES
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ENTERTAINMENT

• the act of **entertaining**; agreeable occupation for the mind; diversion; amusement:

• something affording pleasure, diversion, or amusement, especially a performance of some kind:

• hospitable provision for the needs and wants of guests.
FORMS OF ENTERTAINMENT

- Storytelling
  - Music
  - Drama
  - Dance
  - Comedy
  - Performance

- Games
  - Sports
  - Circus
  - Magic
  - Parades

- Fairs and Exhibitions
ENTERTAINMENT DESTINATION

- Moving beyond Cinema to Entertainment, or Making your Cinema an Entertainment Destination

- Future Is About Your Guests and Their Need for Entertainment

- Moviegoing has always been in competition with other forms of entertainment.
HOW TO STAY COMPETITIVE

• What can you do, now and in the future to make sure that your business remains at the forefront of entertainment choices for your customers?

1. Look how to ENHANCE THE EXPERIENCE for your customers.
2. Adding MORE ENTERTAINMENT OPTIONS to capture their attention and entertainment dollars.
3. Think about WHAT IS NEXT (The next big thing).
ENHANCE THE EXPERIENCE

• Auditoriums
  ▪ PLF
  ▪ Recliner
  ▪ VIP
  ▪ Food Service
  ▪ 4D

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AUDITORIUMS: PLF
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AUDITORIUMS: Recliners
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AUDITORIUMS: VIP
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*Courtesy of CBS This Morning News, YouTube: https://youtu.be/kGW-vNsxkv4

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ENHANCE THE EXPERIENCE

• **Enhanced Food & Beverage**
  – Expanded Menu
    • Menu
    • Additional Equipment
  – Alcohol Sales
TRADITIONAL CONCESSIONS
CAFÉ/ SELF-SERVE CONCESSIONS
CAFÉ/ SELF-SERVE CONCESSIONS
ENHANCE THE EXPERIENCE: Food & Beverage – Expanded Menu

• Business Case
  – Low Volume Location – 250,000 admissions a year
  – Add equipment and connect it.
    • Turbo Chef i3 and High Batch
    • AutoFry, Worktables, Freezer(s)
  – $75,000 investment
    • Increase sales $0.25 per cap
    • Increase sales $62,500 /yr
    • Food Labor = 50% or $31,250 and payback is 30 months.
ENHANCE THE EXPERIENCE:
Food & Beverage
ENHANCE THE EXPERIENCE:
Alcohol

• Liquor Laws
• Determine “Menu”
  – Simple bottled beer and wine
    • Upgrade to keg beer
    • Add smart bar or both
  – Mid Level- Full service bar within lobby or alternative (150-400 SF)
  – Full Bar/Lounge (with or without restaurant)
    • Includes Seating
ENHANCE THE EXPERIENCE: Alcohol
ENHANCE THE EXPERIENCE:
Beer & Wine

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ENHANCE THE EXPERIENCE:
Mid-Level Bar
ENHANCE THE EXPERIENCE:
Full Bar/ Lounge
ENHANCE THE EXPERIENCE: Alcohol

**Business Case – Simple**
- Low Volume Location – 250,000 admissions per year
- **Investment**
  - Construction: $25,000 - $50,000
  - Millwork & Equipment: $100,000 - $150,000
  - $125,000 - $200,000
- **Revenue – Gross and Net**
  - Range at $0.50 per cap: $125,000 gross
    50% food & labor: $62,500 net  2 year payback on $125,000
  - $1.00 per cap: $250,000 gross
    50% food & labor: $125,000 net  19 month payback on $200,000
ENHANCE THE EXPERIENCE: Alcohol

- **Business Case – Mid-Level**
  - Mid Volume Location – 500,000 admissions per year
  - Investment
    - Construction
      - $100,000 - $250,000
    - Millwork & Equipment
      - $250,000 - $350,000
      - $350,000 - $600,000
  - Revenue – Gross and Net
    - Range at $0.50 per cap
      - $250,000 gross
      - 50% food & labor
      - $125,000 net
      - 2.8 year payback on $350,000
    - $1.00 per cap
      - $500,000 gross
      - 50% food & labor
      - $250,000 net
      - 2.4 year payback on $600,000
ENHANCE THE EXPERIENCE: Alcohol

- **Business Case – Full Bar/Lounge (Without restaurant)**
  - High Volume Location – 750,000 admissions per year
  - Investment
    - Construction -1000 to 1500 sf @$200/SF  $200,000- $300,000
    - Millwork & Equipment  $500,000- $1,000,000
    - Expanded Food & Beverage  $100,000- $250,000
    - Total Investment $800,000-$1,500,000
  - Revenue – Gross and Net
    - Range at $0.75 per cap  $562,500 gross
      50% food & labor  $281,250 net  3 year payback on $800,000
    - $1.25 per cap  $937,500 gross
      50% food & labor  $468,750 net  3.1 year payback on $1,500,000

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ENHANCE THE EXPERIENCE: Alcohol

- Business Case – Full Bar/Lounge (With Restaurant)
  - High Volume Location – 750,000 admissions per year
  - Investment
    - Construction - 3000 to 6000 sf @ $200/SF $600,000- $1,200,000
    - Millwork & Equipment $750,000- $1,500,000
    - Furnishings $230,000- $750,000
    - Total $1,600,000- $3,450,000

- Revenue – Gross and Net
  - Based on volume: 10-20% of cinema volume,
  - per person revenue of $8 to $12
    - 100,000 @ $8 per person: $800,000 gross
      Operating cost @ 50% $400,000
      $400,000 net
      4 year payback on $1,600,000
    - 200,000 @ $12 per person $2,400,000 gross
      Operating Cost @ 50% $1,200,000
      $1,200,000 net
      2.9 year payback on $3,450,000
PROVIDE MORE OPTIONS TO ENTERTAIN

• Entertainment Options
  – Bowling
  – Gaming/Arcades

• Other Components
ENTERTAINMENT OPTIONS: Bowling

- Traditional Bowling Centers
- Family Entertainment Centers (FEC)
- Boutique
- Hybrid
ENTERTAINMENT OPTIONS: Traditional Bowling
ENTERTAINMENT OPTIONS:
FEC
ENTERTAINMENT OPTIONS:
Boutique Bowling
ENTERTAINMENT OPTIONS: Hybrid Bowling
ENTERTAINMENT OPTIONS:
Hybrid Bowling  (* Provided by Brunswick)
ENTERTAINMENT OPTIONS: Gaming
ENTERTAINMENT OPTIONS: Gaming
ENTERTAINMENT OPTIONS: Gaming
OTHER ENTERTAINMENT OPTIONS

• Evaluate Feasibility
  – Physical Environment
  – Entertainment Market
  – Company Resources
  – Business Objectives

• Key Success Factors
  – Scale and Integration
  – Traffic Flow
  – Operational Connectivity/Seperability
  – Shared Infrastructure and Components
  – Adaption to Market
OTHER ENTERTAINMENT OPTIONS
Boutique Bowling

- 8 to 16 lanes of Bowling
- Billiards
- Gaming including virtual and cyber
- Upscale food and beverage
- Example
  - 8 lanes @ 1000 SF each = 8,000 SF
  - 4,000 to 8,000 SF other components = 12,000 SF to 16,000 SF

Relatively High Volume Cinema Locations - 750,000 admissions per year
OTHER ENTERTAINMENT OPTIONS:
Boutique Bowling

Cinema with 750,000 admission per year

• Investment
  Construction 12,000SF @$150 to $200/SF $1,800,000 to $2,400,000
  FF&E @$75 to $100/SF $900,000 to $1,200,000
  $2,700,000 to $3,600,000

• Revenue
  Based on volume = 25% to 30% of Cinema Volume
  187,500 to 225,000 customer per year
  Per person Revenue of $6 to $10
  Operation Costs @ 30%

  187,500 @ $6 per person $1,125,000 gross
  Operating 30% $337,500
  $787,500 net 3.4 year payback on $2,700,000

  225,000 @ $10 per person $2,250,000 gross
  Operating Cost @ 30% $675,000
  $1,575,000 net 2.3 year payback on $3,600,000
OTHER ENTERTAINMENT OPTIONS

Hybrid Bowling

- 16 lanes of Bowling
- Arcades and Gaming
- Laser Tag
- Event Space
- Enhanced food and beverage

Example

- 16 lanes @ 1000 SF each = 16,000 SF
- 8,000 to 16,000 SF other components = 24,000 SF to 36,000 SF

High Volume Cinema Locations – 1,000,000 admissions per year
OTHER ENTERTAINMENT OPTIONS: Hybrid Bowling

Cinema with 1,000,000 admission per year

- **Investment**
  - Construction: 24,000 SF @ $150 to $200/SF
    - $3,600,000 to $4,800,000
  - FF&E: @ $75 to $100/SF
    - $1,800,000 to $2,400,000
  - Total Investment: $5,400,000 to $7,200,000

- **Revenue**
  - Based on volume = 25% to 30% of Cinema Volume
  - 250,000 to 300,000 customers per year
  - Per person Revenue of $6 to $10
  - Operating Costs @ 30%

  - 250,000 @ $6 per person
    - $1,500,000 gross
    - Operating 30% $450,000
    - $1,050,000 net
    - 5.1 year payback on $5,400,000

  - 300,000 @ $10 per person
    - $3,000,000 gross
    - Operating Cost @ 30% $900,000
    - $2,100,000 net
    - 3.4 year payback on $7,200,000

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WHAT IS NEXT

• What’s Next?
  – VR
  – Holographic Entertainment
  – Reaching to small and mid-size markets
  – Other
WHAT'S NEXT: VR

*Samsung Galaxy S7 Studio- VR 4D Theatre, in Moscow, Russia, via http://mnmag.ru/

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WHAT’S NEXT: Holographic

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