



Action Marketing Works

*Over 25 years global cinema and
distribution sales and marketing
experience Vue Entertainment, UIP*

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LOYALTY PROGRAMMES - WHY

Business Objectives

- Increase cinema attendance
- Increase spend on concessions
- Grow Market Share

Do you need a loyalty programme to achieve these?



FACTORS EFFECTING LOYALTY AND FREQUENCY

- Location
- Parking
- Access/Convenience
- Film programming, choice and scheduling
- Quality of cinema
- What else is around the cinema?
- Pricing
- Customer service
- Environment, Design, Foyer
- Upgraded screens/projection/sound
- Other Marketing activities, offers, promotions
- Economy
- Disposable Income

Which cinema shall I go to tonight?

***Over 50% Default to Closest
Free Parking BIG Factor
Ease of Access***



PRINCIPLES OF A LOYALTY PROGRAMME

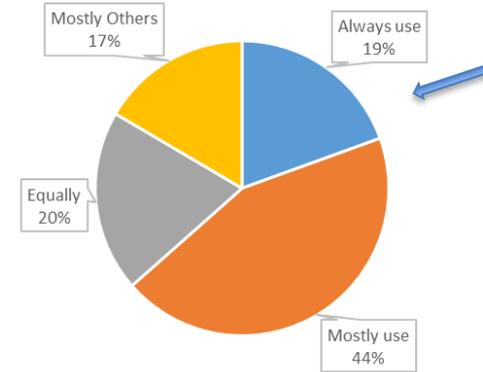
- Reward customers for their loyalty to drive additional profit for the company
 - but at what cost and what rewards should be offered?
 - BUT not all customers are the same either in terms of their loyalty or frequency or retail spend
 - *So lets take a closer look at these 3 key drivers:*
 1. *Loyalty*
 2. *Frequency*
 3. *Retail Spend*
-



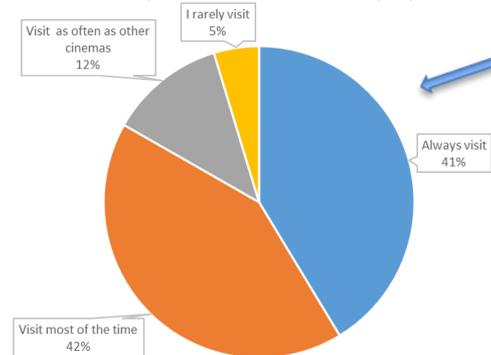
LOYALTY

- Loyalty – Mainly location based **closest** tends to be the **preferred cinema**
- Factors such as parking/access/safety/comfort etc. play significant roles which may or may not be influenced by a loyalty programme
- Different cinemas will have different local profiles and with different things driving loyalty and frequency

Customer Loyalty Cinema "X"



Example of a Circuit's Overall Loyalty



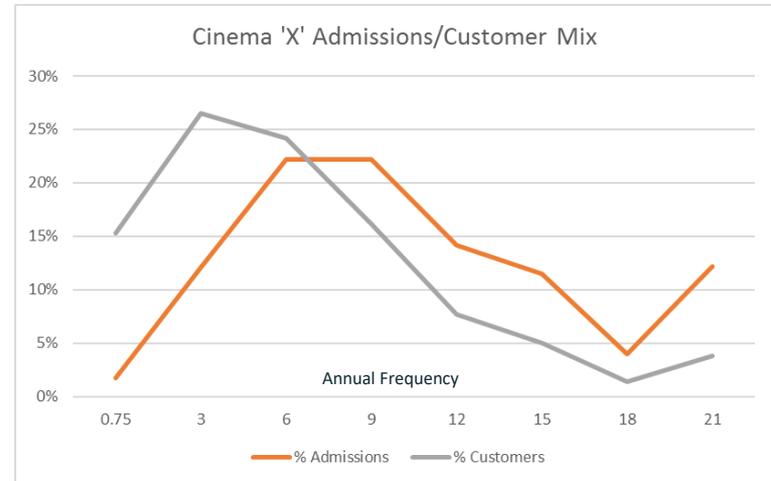


FREQUENCY

- For most customers, cinema going is a relatively infrequent past time - 6 to 8x a year
- 600k admissions will have a customer base between 75k and 100k people/40k homes
 - The mix of cinema frequency is critical in understanding your customer base: Ranges from **infrequent** to **frequent** cinema-goers: (see charts)
 - Frequency is driven by a number of factors: environmental, choice, price, availability and ability to go, willingness to go etc.
 - A loyalty programme may only impact on some of these factors

Example of a cinema circuit admission/customer mix

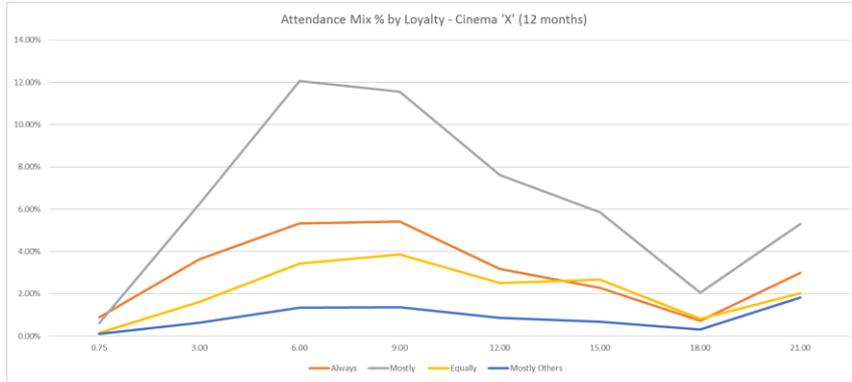
	Infrequent				Frequent
	2x per annum				30x+ per annum
# Admissions	3%	35%	29%	12%	20%
# Customers	20%	46%	20%	6%	7%





LOYALTY AND FREQUENCY COMBINED

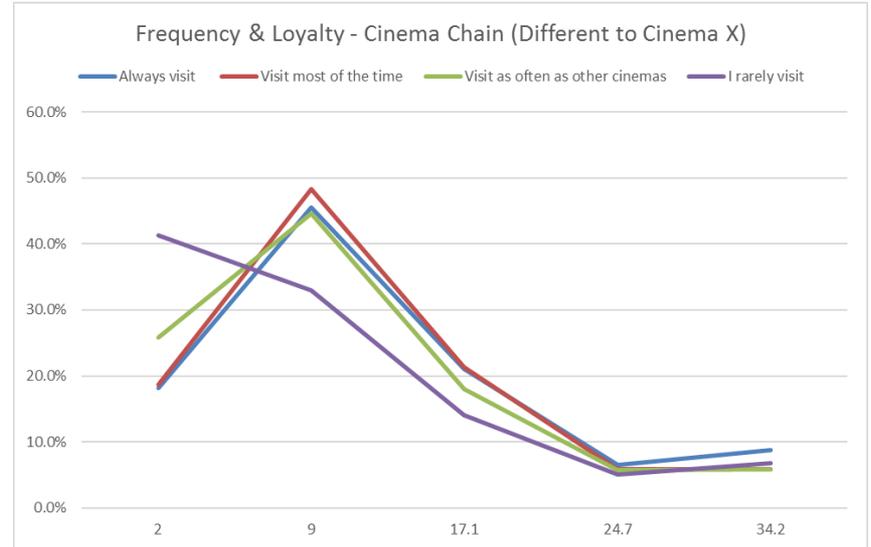
Sources: Cinema companies in different countries and not linked in any way



Appears that frequency is not dependant on loyalty to any great extent – consistent throughout all frequency range

Implies that other things driving loyalty

Frequency and Loyalty are INDEPENDENT of each other!



- Similar to chart on left:
- Loyalty consistent throughout the frequency ranges – one might expect that the more frequent cinema goer is more likely to be more loyal to a particular cinema.
- Of course, some frequent cinema goers will be but will depend on the specific cinema



Permanently increasing a customers frequency does not necessarily change their loyalty to your cinema.

Probably true!

Changing long-term cinema going frequency is not an easy task. Measuring change against 'market noise' is not easy either!

Definitely True

A rewards programme whatever we call it is not a 'quick fix'

Definitely True!

Maybe we should call a loyalty programme a frequency rewards programme, as it might help focus on how we define and measure success

Probably a good idea!



COMPETITIVE VS ORGANIC GROWTH

Competitive Growth

- Defined as growth obtained by winning cinema attendances away from customers of local competitors over a given period of time (not just a one-off)
- Customers do not increase cinema frequency
- Easier to do with customers who use both you and the competition. The more they use a competitor the hard it will be to switch people away from their preferred cinema

Easier to switch

Harder to switch

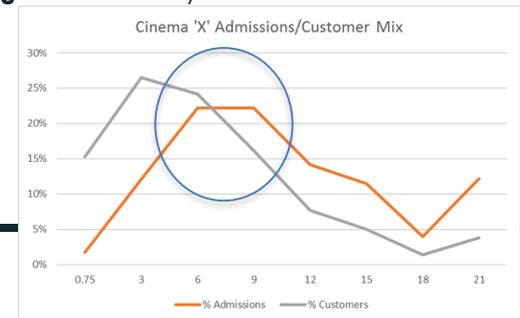
Mainly Use You



Mainly Use Competitor

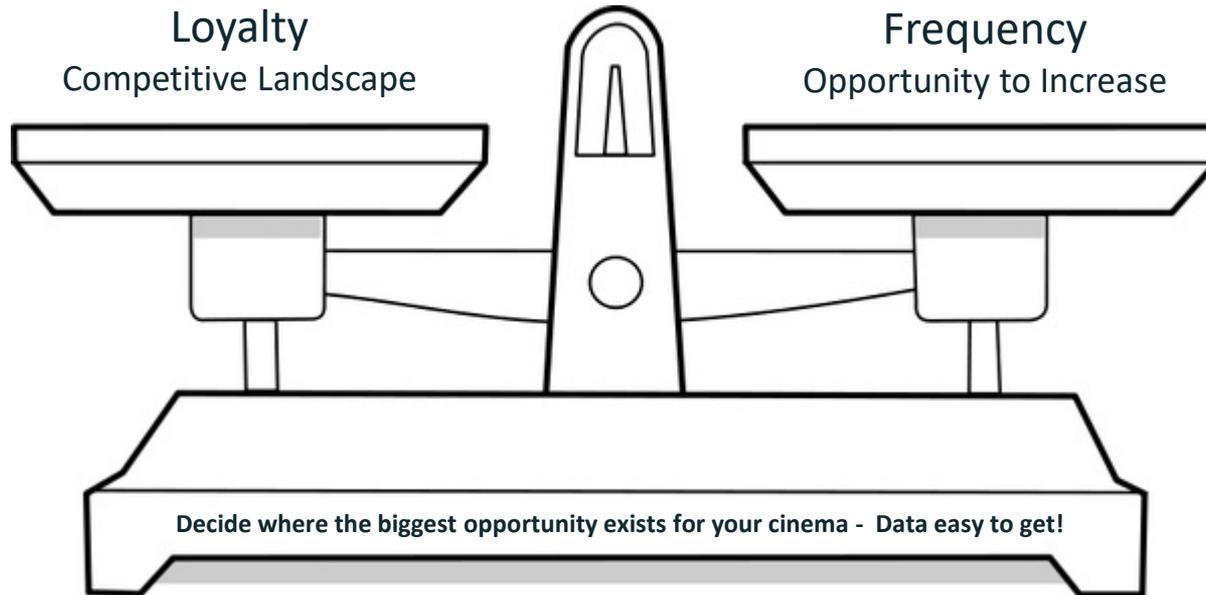
Organic Growth

- Increasing cinema-going frequency above and beyond existing behaviour over a given period of time (years) – reach a **NEW STEADY STATE OF HIGHER FREQUENCY**
- The more inactive an existing customer – the **harder** it is to change their behaviour – **They don't care enough**
- The most frequent cinema goers are probably maxed out, so equally hard to increase their frequency over a sustained period – **They care too much and will take anything you give them for no change in behaviour**
- **Sweet spot will be average cinema goers, (ref chart: 40% customer base go 6-9x/annum)**





BALANCING LOYALTY AND FREQUENCY





DRIVING SUCCESS WITH LOYALTY – **KEY FOCUS** (CINEMAGOING)

Customers who mostly use or equally use your cinema vs another

Customers who go to the cinema around the average number of times a year for that specific cinema (6-9x in the example)

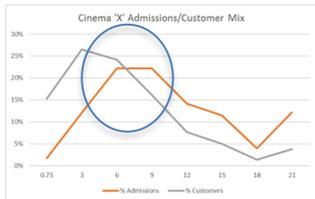
Significant proportion of the customer base (40%+ in the example)

Loyalty

Frequency

Scale

You **MUST** have frequency and loyalty data on each of your cinemas **BEFORE** implementing a loyalty programme so you can track change over time. There will be major differences.





HURDLES AND REWARD



Go 10x per annum... hurdle too high
for most

Lower the bar and it will cost you
more!!!

- Too many rewards focus on free tickets and money off – **focus more on soft benefits**
 - Early booking window
 - Free online booking
 - Discounts on VIP seats
 - Free upgrades to ATMOS screens
 - Preview booking window
 - Special customer service hot line
 - Ability to request movies
 - Exclusive online area
 - Access to special content
 - Parking offers
 - VIP lounge/bar/foyer area
 - Concierge service



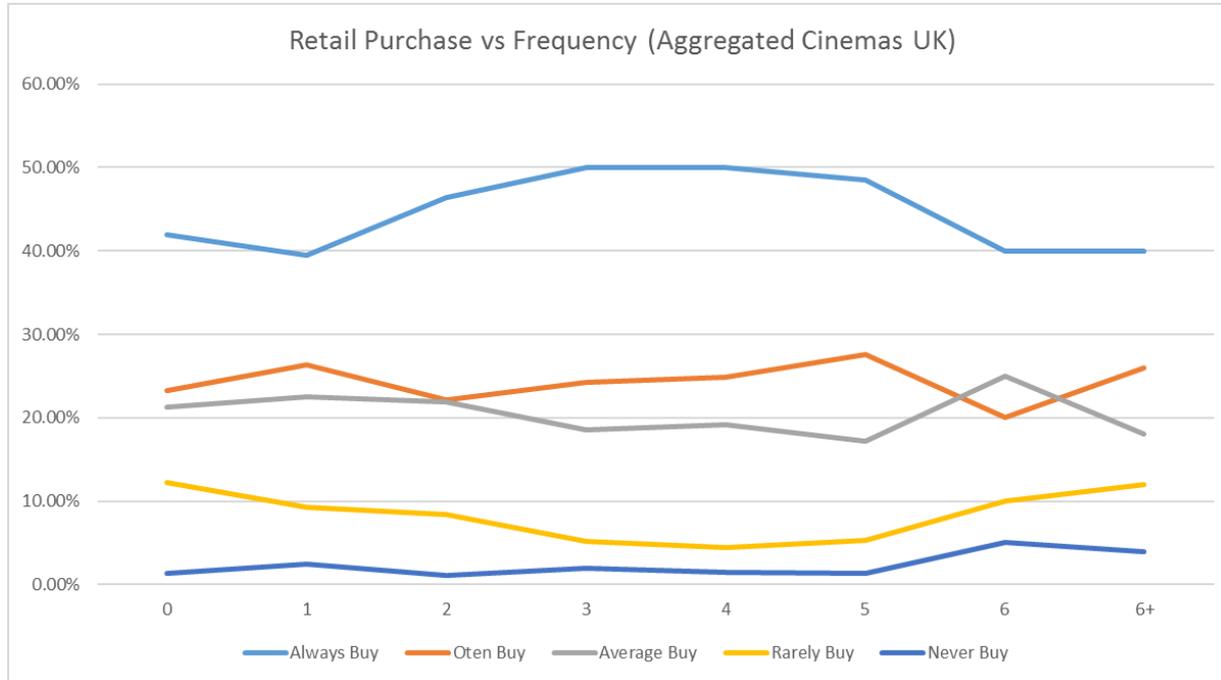
RETAIL – THE ELEPHANT IN THE ROOM!

- **A significant if not the most significant reason to run a loyalty programme**
 - Retail purchasing is habitual, tends not to vary much from one visit to another
 - There are huge margins available to play with
 - There is no film rental 😊
 - Quick to track and measure success
 - Targeting offers is easier than films as limited range and simple products





RETAIL PURCHASING BEHAVIOUR IS INDEPENDENT OF FREQUENCY





RETAIL SENSE CHECK – BIG OPPORTUNITY AND KEY FOCUS

Information from Coca Cola

- Around 2 out of every 3 people buy F&B when going to the movies
- The people who buy F&B have a younger age profile and higher movie-going frequency (and intent to visit again)
- 3 out of every 4 people plan in advance to buy beverages, and about 50% always buy the same = major part of customer base
- **A small change in a big number = significant incremental revenue**

Sense Check

Cinema X		Business Opportunity		
Annual atnd	360,000			
# Customers	56,000	Always Buy	10%	€ 61,776
Average annual freq	6.43	Sometimes Buy	15%	€ 46,332
		Never Buy	5%	€ 30,888
Always Buy	33%	Total	15.00%	€ 138,996
Sometimes Buy	33%			
Never Buy	33%			
		Increase/admission	€	0.39
Always Buy	18,480			
Sometimes Buy	18,480			
Never Buy	18,480			
Sometime Buy % of always buy	50%			
Av Spend/Trans (Net VAT)	€ 8.00			
GP%	65%			
Net Pofit/Av. Trans	€ 5.20			
Average per Group				
Always Buy	€ 617,760			
Sometimes Buy	€ 308,880			
Never Buy	€ -			
Total Retail Profit	€ 926,640			



QUOTES ON LOYALTY – VUE AND KINEPOLIS

Vue Entertainment

- ‘We are currently working toward a deliberate plan and infrastructure. A loyalty programme has a number of definitions and the priority for us is that our approach is relevant to our customer and the industry and importantly a way in which to reward our customers proactively based on their specific needs so they can enjoy a personalised experience at Vue’.
- ***‘At Vue we believe loyalty from our customers is something earned not paid for. Cinemas are a discretionary spend and therefore customer satisfaction is what inspires loyalty, not necessarily give-aways. Our priority therefore is to build reciprocal value that is an integral part of Vue’s customer experience with minimal effort required by the customer’.***

Kinepolis

- MedQ: What is your opinion of the possible differences between a membership programme, rewards programme and a loyalty programme?
 - **SC: The difference is mostly semantic, I guess, although loyalty in theory normally is only rewarding... well... loyalty, while a membership or rewards programme can reward other behaviour, like e.g. social media activity.**
- MdeQ: How easy have you found the challenge of estimating the impact of a new loyalty programme on the business?
 - **SC: Very difficult, because it goes through several phases and it is *not our approach to "buy" more frequency and spending by offering hard benefits*, but rather to increase the relevance of our communication through all of our channels.**



EXAMPLES – MARCUS THEATRES USA – 5TH LARGEST CHAIN

Ideal for 10x+ per annum

1m+ members

- Members earn one point for each dollar spent at Marcus Theatres.
- For every 100 points they accrue, they receive \$5 in rewards.
- Additionally, they are eligible for other benefits, like access to members-only screenings, free popcorn on \$5 Tuesdays (at participating locations), free refills on fountain drinks, waived fees for online/mobile ticketing, and other special offers. \$1 earned for every \$10 spent



Equates to:

Min 5% discount on retail revenue and circa 10% on tickets due to film rental if have to be covered



PAID MEMBERSHIP OFFERS – CURZON CINEMAS UK

CLASSIC.
MEMBERSHIP

JOIN NOW

CLASSIC

Four free film tickets

Money off film tickets for you and a guest

Curzon magazine delivered to your home

15% discount on food & drink

15% discount on Curzon Home Cinema

15% discount on DVDs

No booking fees

Priority booking

BUY NOW

CULT.
MEMBERSHIP

JOIN NOW

CULT

Free entry to all films

Money off tickets to events

Money off tickets for a guest

Curzon magazine delivered to your home

15% discount on food & drink

15% discount on Curzon Home Cinema

No booking fees

Priority booking

BUY NOW

COMPLETE.
MEMBERSHIP

JOIN NOW

COMPLETE

Free entry to all films and events for you and a guest

Curzon magazine delivered to your home

15% discount on food & drink

15% discount on Curzon Home Cinema

No booking fees

Priority booking periods

BUY NOW

- Buys commitment in competitive locations
- Curzon show specialist/niche films so this will drive frequency to smaller titles
 - Simple to understand

CLASSIC EVERY	Valid at all Curzon Cinemas nationwide.	£60.00
CLASSIC LOCAL	Available at selected Curzon venues: Wimbledon, Canterbury, Ripon, Sheffield and Knutsford only.	£45.00
CONCESSION EVERY	Valid at all Curzon Cinemas nationwide. Full time students or seniors of 60 years and older.	£50.00
CONCESSION LOCAL	Full time students or seniors of 60 years and older. Available at selected Curzon venues: Wimbledon, Canterbury, Ripon, Sheffield and Knutsford only.	£35.00

CULT EVERY	Valid at all Curzon Cinemas nationwide.	£350.00
CULT LOCAL	Available at selected Curzon venues: Wimbledon, Canterbury, Ripon, Sheffield and Knutsford only.	£200.00

COMPLETE EVERY	Valid at all Curzon Cinemas nationwide.	£950.00	BUY NOW
COMPLETE LOCAL	Available at selected Curzon venues: Wimbledon, Canterbury, Ripon, Sheffield and Knutsford only.	£600.00	BUY NOW



FREE MEMBERSHIP OFFERS – PICTURE HOUSE CINEMAS UK

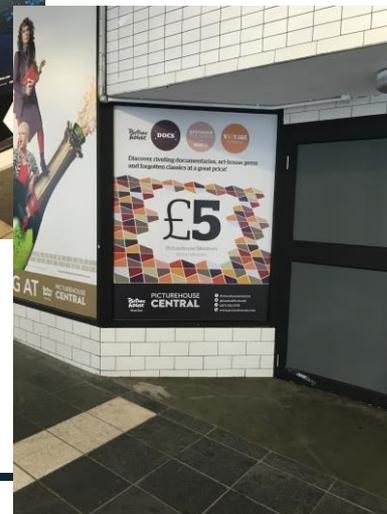


Membership

Join us! Picturehouse Members enjoy a whole host of benefits:

- Free cinema tickets
- Discounts on ticket purchases
- Priority booking
- Access to exclusive previews and special events
- No booking fees
- 10% off food and drink
- Amazing deals with our national and local partners

VERY simple to understand!!
Get's my vote





PHENOMENA CINEMA - BARCELONA

phenomena
THE ULTIMATE CINEMATIC EXPERIENCE

PROGRAMACIÓN
DEL 2 NOVIEMBRE AL 4 DICIEMBRE 2016

O'Sant Antoni Maria Claret, 108 · 08020 Barcelona | Tel. 93 2277 01 | info@phenomena.es | www.phenomena.es

★ Estrenos Cine Familiar DVD Baby Films 4+ Proposición en català 8+ Proposición en 7mm VOS: Entrada original subtitulada en español

4 DÍAS DE PURO TERROR
PHANTASMA
WEEKEND OF HORROR
DEL 3 AL 6 DE NOVIEMBRE 2016

JUEVES 3 NOVIEMBRE

20:35H - PREMIERE: SESIÓN INAUGURAL
TRAIN TO BISHOP *From the Director of*
Yoon Sang-ho, 2016. Int: Woo Gong, Ma Dong Seok, Ahn So Hee. Corea del Sur - 114' - VOS. *Publica también en video especial*

21:00h
HOUST OF THE CREEPS
(EL TERROR LAMA A SU PUERTA) *Right of the Creep*
Fred Dekker, 1986. Int: Jason Leahy, Steve Mitchell, Jeff Whitton. Reino Unido - 90' - 35 mm - VOS

22:30h - PROGRAMA DOBLE SPANISH BIZARR

LA NOCHE DE WALPURGIS
Luis Buñuel, 1971. Int: Paul Hickey, Gaby Fajko, Barbara Capell, Andréa Ferréol. España - 87' - 35 mm - Doblada en esp.

PAÑICO EN EL TRANSMISIBERIANO
Eugenio Martín, 1972. Int: Christophe Yau, Peter Gadiot, Roberto de Alcázar, Raimu Barrio. España - 94' - 35 mm - Doblada en esp.

SÁBADO 5 NOVIEMBRE

11:00h - SESIÓN MATINAL. PROGRAMA DOBLE COMBO ARGENT

TEÑEBRE *Insolente*
Dario Argento, 1983. Int: Anthony Franciosa, John Saxon, Patrick Macnee, Italia - 107' - VOS.

ÓPERA QUE
Dario Argento, 1987. Int: Cristina Marchal, Ian Charleson, Luciano Burtolini. Italia - 107' - 35 mm - VOS.

15:00h
MUSIC
Goffredo Ubbioli, 1967. Int: Mica Saraceni, Jimmy Northrup, Jack Bruck. USA - 107' - 35 mm - VOS.

17:00h
ASIENTO INVISIBLE *The Car*
Olav Rosenblad, 1987. Int: James Blish, Kathleen Lloyd, John Marley. USA - 94' - 35 mm - VOS.

18:30h
SESIÓN 9 Sesión 9
Brad Anderson, 2000. Int: David Caruso, Stephen Gendwin, Paul Giallardo. USA - 107' - 35 mm - VOS.

21:00h - PREMIERE
TRIANGLE FORTIGE
Christopher Smith, 2008. Int: Melissa George, Liane Hemsley, Charlotte Campbell. Australia - 99' - 35 mm - VOS. *Publica también en video especial*

22:30h
RE-SONATOR *From Beyond*
Sheel Gordon, 1986. Int: James Combs, Barbara Crampton, Kim Fowle. USA - 87' - 35 mm - Doblada en español

CRIMP Y LOS BROTHERS *Heavy Metal*
1. Lion Hampton, 1985. Int: Melissa Sue Anderson, Glenn Ford, Lawrence Dane. USA - 110' - 35 mm - Doblada en español

PARASITE *Acusado*
Charles Soren, 1983. Int: Robert Clarke, Debra Moore, Luca Laurenti. USA - 85' - 35 mm - Doblada en español

BASKET CRACK (JONAS Y ESCOCOS HERMANO?)
Robert Coit
Frank Henenlotter, 1982. Int: Kevin Kline, Deborah, Sam Scott, Scott Smith, Beverly Brooks. USA - 91' - 35 mm - Doblada en esp.

DOMINGO 6 NOVIEMBRE

11:00h - SESIÓN MATINAL
HALLOWEEN. EL CRÍMEN INCOMPLETO
Rob Zombie, 2007. Int: Jake Busey, Michael Easton, Tyler Mane, Sheri Moon Zetter. USA - 109' - 35 mm - VOS.

13:10h
HUIDA (LO OCULTO) *Insais*
Jack Sholder, 1987. Int: Bob Odenkirk, Michael Hoenig, Claudia Christian. USA - 94' - 35 mm - VOS.

16:00h
HORIZONTE FINAL *Frost Horror*
Paukees, Rotterdam, 1981. Int: Laurence Fishburne, Sam Bell, Kathleen Quinlan. USA - 96' - 35 mm - VOS.

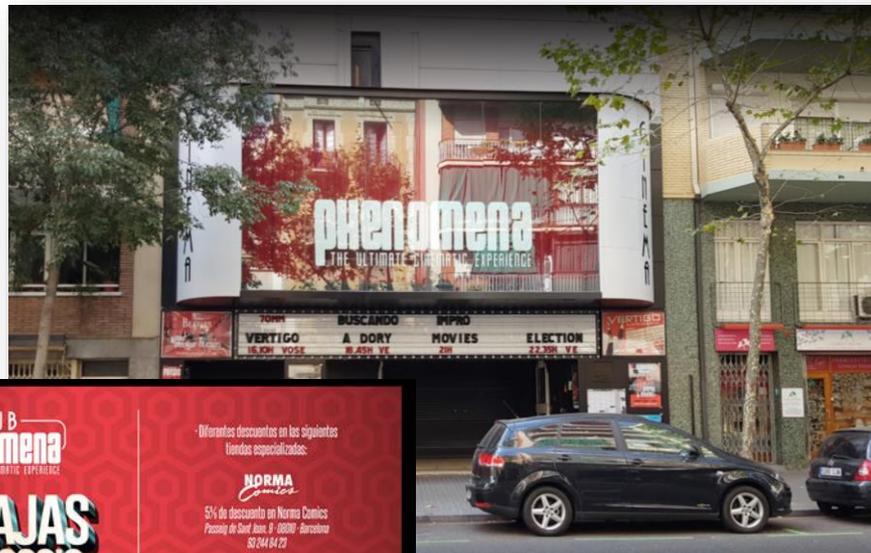
17:50h
AMENAZA EN LA SOMBRA *Don't Look Now*
Michael Crichton, 1976. Int: Donald Sutherland, John Christie, Harry Mann. Reino Unido - 119' - 35 mm - VOS. *Republica al día 8*

20:00h
VIERNES 53 *Friday the 13th*
Sean S. Cunningham, 1980. Int: Betty Bumper, Andrew King, Harry Crosby. USA - 95' - VOS.

22:00h - PREMIERE: SESIÓN CLAUSURA
THE WALKING (EL ESTEREO) *The Walking*
Hong Kyu, 2016. Int: Min Ahn Chan, Jung Jung Heung, So Yoon Jung. Corea del Sur - 134' - VOS. *Reservado hasta el 15.16.27.27*
Publica también en video especial

EXTRADAS Y ABONOS VS. A LA VENTA EN TABQUILLA Y WEB

ABONO JUEVES-VIERNES	4 € POR DÍA + 1 € POR DÍA DE ENTREGA	43 €
ABONO SÁBADO	3 € POR DÍA + 1 € POR DÍA DE ENTREGA + 1 € POR DÍA DE ENTREGA	32 €
ABONO DOMINGO	3 € POR DÍA + 1 € POR DÍA DE ENTREGA	30 €



CLUB
phenomena
THE ULTIMATE CINEMATIC EXPERIENCE

VENTAJAS DE SER SOCIO:

- Diferentes descuentos en las siguientes tiendas especializadas:
 - NORMA Comics**
5% de descuento en Norma Comics
Prescindir de Sant Joan 9 - 08001 - Barcelona
93 544 04 23
 - EL SEPTANTA**
5% de descuento en El Setenta.com, excepto en ofertas 3x2 y películas a 2€
Taller: 93 - 08001 - Barcelona
1. 02 500 55 47
 - CONTINUARÁ...**
5% de descuento en Continuará Comics
Via Lantana 29 - 08001 - Barcelona
7. 03 203 29 66
 - COSMIC**
5% de descuento en Cosmic en tazas, juegos de mesa, camisetas y sudaderas.
Zaragoza: 472 - 08025 - Barcelona
7. 02 498 21 03
- Hasta un 50% de descuento en tus entradas.
- Sesiones sorpresa gratuitas para los socios de manera periódica. Podrás traer a cuantos acompañantes quieras por 3€ cada uno/a.
- Sofas exclusivos.
- Una entrada doble gratuita para que disfrutes el día 1 de los cumpleaños en compañía.
- Día del Socio. Una vez al mes, tus acompañantes (sin límite) podrán disfrutar de todas las sesiones durante esa día con la misma descuento.



DATA COLLECTION – JUST THE STARTING POINT

Insight which can be used across disciplines:

- Film Scheduling
- Profiling
- Personalisation
- Marketing
- Booking
- Retail
- Advertising
- Forecasting
- Can drive higher overall prices to 'encourage' signup and use of programme plus also fund it but is that the wrong way to do this?





IT'S ABOUT THE REVENUE STUPID

Bill Clinton... almost!



How much?

How long?

How much effort?

Risk vs Return?

Breakeven?

Best use of limited cash?



DISCOUNT AND BREAKING EVEN

- Best sustained incremental attendance achieved in any promotional offer/loyalty programme?
- 241 ticket offer (50% discount)
- Breakeven circa 40% w/retail
- Majority loyalty programmes
 - Offer ~10% discount
 - Not instant reward
 - Breakeven 25% admissions
 - wo/retail & w/film rental, b/e around 15% with retail

~45%

Vs.

?%

*Suggest that this is less than
15%?*



SUMMARY AND TAKE OUT POINTS

AGAINST



- You can reward desired behaviour WITHOUT a rigid points scheme using pricing and sign up incentives and still get data
- You can run different reward offers for different customer types and locations
- Loyalty programmes are inflexible and hard to change and even more difficult to stop
- Loyalty hurdles are often too high
- Require resource, budget and considerable management time
- Can become a slave to the programme
- Tricky to measure success
- Not a quick fix.. THINK YEARS!
- May stop other marketing options from being considered and implements
- New initiatives need to be made to fit into a structure or be outside of it

FOR



- Tracking behaviour and transaction data is tricky without a formal programme
- One programme with simple proposition is easier to sell and manage than multiple offers and campaigns
- Data will be consistent so trends can be seen and tracked
- Clever use of data can be used in many ways to benefit the business
- Customer's like the idea even if they don't all respond to it the way you would like
- Will have a deeper understanding of your customers over time
- Can be a differentiator for the company

Action
Marketing
Works

THANK YOU