
And the Winner Is: China!

The advantage of focusing on a single topic over time is that eventually you accumulate very long runs of reliable and validated data. These are helpful in filtering out the short term 'noise' which fittingly forms the subject of journalism, and offer the basis for an assessment of the long run direction of markets.

A recent analysis of cinema admissions data covering between 2000 and 2015 revealed a number of insights. Not all of these are very surprising but they are well worth repeating.

The most obvious fact of all: with a very few exceptions the markets of Western Europe, the United States, Canada and Australasia are flat, shrinking, or growing at a snail's pace.

Exhibitors are responding by introducing a number of innovations in comfort and presentation technology designed to enhance the cinema experience and, incidentally, ticket prices. This is more or less keeping revenues moving ahead, though there is an argument to be made that higher prices are also contributing to drops in the volume of tickets sold.

(Issue Eight of our newsletter, available on our web site, offers an analysis of the apparent link between low ticket prices and high attendance across the 50+ markets we cover.)

Growth is coming from other markets. Admissions more than doubled between 2000 and 2015 in China, Mexico, South Korea, Russia and Brazil, as they did in a number of smaller markets, for example Peru, Turkey and Romania. With a few exceptions, markets in Asia, Latin America and the formerly communist part of Europe are growing.

Until 2010 this growth was barely more than enough to replace the declines in admissions in more established markets. After 2010 however, as the table below illustrates, growth started to accelerate. From single figure percentage gains in the first two five year periods after 2000, admissions climbed by 30% in the third.

Growth in Cinema Admissions 2000-15

% change	2000-05	2005-10	2010-15
World	4.0	6.7	30.3
ex China	3.4	1.2	10.2

This startling change was mostly due to the explosion of the Chinese market, where ticket sales rose from 310 million in 2010 to 1.26 billion five years later. This accounted for more than two-thirds of all the ticket sales added globally during the period. But not entirely: excluding China, ticket sales in the rest of the world rose 10%, a big advance on the 1% of the previous five years.

In other words, after a period in which growing and shrinking markets were in balance, effectively cancelling each other out, the weight of growth markets within the total is now sufficient to outweigh the drag caused by more mature ones.

This is true whether China is factored in or not – just as well given the slowdown in growth in Chinese ticket sales from over 50% in 2015 to less than 10% in 2016. This may, of course, just be 'noise' of the sort mentioned earlier, the result of a poor run of films or other short term factors. Or it might be a signal that China is about to enter a period of much slower growth. This is often quite a sudden process in cinema markets. As Zhou Enlai remarked, whether of the French Revolution or the Events of 1968, it is too early to say.

What can be said is that on a global basis the cinema industry is in better health than a decade ago and continues to offer opportunities to profit from expansion. To help readers take advantage of these we are offering a New Year discount valid until the end of January for online purchases from our web site at www.dodona.co.uk. For a 10% discount on any of our research reports just enter the discount code JAN201730 when prompted. Happy New Year!

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