



Executive Summary

Market Situation Overview

AMC is a well-recognized movie theater company nationwide, but it is specifically prevalent in the eastern United States. It is also known for inventing the modern movie theater experience as we know it, which includes multiple theaters in every AMC building. Compared to other movie theaters, AMC's name and logo are generic and lack the emotional appeal that its competitors offer.

Movie theaters, however, have become less popular post-pandemic with the rise of streaming services in the entertainment industry. Consumers increasingly prefer the convenience and low cost of watching quality entertainment at home over attending a movie theater.

AMC has launched numerous initiatives to attract consumers back to the theater by creating a unique experience for its customers, such as opening the world's first multi-cinema, upgrading to reclining seats, and introducing a "Stubs" rewards program that offers a three-tier subscription, with the highest tier offering three free movie tickets per week. It also has 18.2% of the movie theater industry's market share, almost 5% more than any other company.

AMC is doing everything it can to stay relevant, but it becomes more complex as consumers prefer the cheaper and more convenient options of at-home entertainment. Our analysis indicates that AMC's attempt at luxury has led it to a "more bang for your buck" proposition to its customers. It also suggests that AMC finds it difficult to differentiate itself from other movie theaters because every innovation is easily copied. Its primary concern is finding new ways to appeal to specific demographics.

We propose that AMC promotes its new campaign, "More than a Movie" to broaden the AMC audience, increase revenue, differentiate itself from competitors, and give customers more options to reinforce the "More than a Movie" vision.

Strategic Vision Overview: "More than a Movie"

With the rise of streaming services as substitutes for movie theaters, our analysis has shown that AMC needs to differentiate itself from the competition. Our proposed recommendation is the "More than a Movie" campaign which includes:

- Offering exclusive partnerships to offer entertainment experiences that customers can't replicate at home. Launching: "Netflix Nights at AMC", "AMC Football Frenzy", and "Stage to Screen" events.
- Expanding its dining options to include foods for date nights, specific foods relating to upcoming movies, game day finger foods for the football experiences, specialty popcorn

buckets that correlate with released movies for customers to collect as keepsakes, as well as expand the AMC-produced candy product line to provide more options that fit customers' needs.

- Broadening our merchandise offerings to include exclusive movie-themed sweatshirts and blankets to keep customers warm in our chilly theaters and add to the “More than a Movie” experience

Key Recommendations and Plan of Action

We propose that AMC launch a new exciting “More than a Movie” campaign to draw consumers away from their humdrum at home streaming experience. This includes:

Partnering With Other Organizations

AMC can show live events and new episode releases by partnering with companies like Netflix, Amazon Prime, and the NFL. This provides the AMC audience access to TV shows and sports games that they otherwise wouldn't have access to unless they purchased each service.

Netflix Nights at AMC:

We recommend that AMC partner with Netflix. Specifically, AMC should focus on featuring TV shows, like the upcoming *Stranger Things* season. We recommend that AMC launches “Hawkins Hangout Nights,” and offers to show each episode of the new season weekly. AMC should also offer a discounted bundle for customers who purchase tickets for all the episodes of the TV show in advance. This will attract customers who might not have Netflix subscriptions but want to see a specific series, or customers who don't typically enjoy movies.

By implementing this new service, we conclude that this will help differentiate AMC from its competitors and will attract different audiences. This new service will specifically target Gen Z as Gen Z watches 3 times the number of streaming services as they do live TV. The goal is to get Gen Z to come to AMC to watch new shows.

AMC Football Frenzy:

We suggest that AMC show live runs of NFL and college football games. By creating partnerships with organizations like the NFL, College GameDay, and Amazon Prime, AMC can show these games in theaters to beloved football fans. Amazon Prime is the only medium that is allowed to broadcast the “Thursday Night Football” game for the NFL.

By creating a partnership with Amazon Prime for the “Thursday Night Football” game, AMC can attract fans who want to watch each week's specific game but don't want to purchase

Amazon Prime. Customers would be able to purchase seasonal passes that would give them access to every game shown in AMC theaters or they could purchase tickets to each individual game showing.

Stage to Screen:

We propose that AMC partner with famous singers to get exclusive theater access to concert films before they hit streaming services. These concerts will each be part of AMC's "Stage to Screen" experience and give fans the chance to gather in AMC theaters wearing their fan-themed merch to sing their hearts out and dance along.

We recommend capitalizing on these partnerships to get a leg up in the movie theater industry so that AMC can have exclusive access to these partnerships and show these popular games and shows in its theaters before other theater companies jump on the opportunity. We suggest offering discounted bundles for customers who purchase tickets for these shows in advance to encourage sales.

Expanding Dining Options and AMC-Produced Candy Line

AMC should launch "Cinema Sweets" and expand its AMC-produced candy and food products to fit customer needs better and create a more memorable and unique experience. We recommend launching "AMC Limelight Lemonades", "AMC Blockbuster Bars", "Directors-Cut Dishes", and "Starstruck Sodas".

By adding flavored frozen lemonades, pretzels, candy bars, nachos, frozen yogurt, and gelato to its list of AMC-produced products this provides customers with a unique offering, but by producing these products independently, AMC can eliminate the middleman. Going through other manufacturing companies can often lead to greater expenses for AMC.

We propose that AMC capitalize on its idea of creating themed popcorn buckets and offer these for every movie and the new TV shows streaming in AMC theaters. This is a great way to excite customers about the film and create a unique experience.

Broaden AMC Merchandise Offerings

We also recommend creating movie-themed sweatshirts and merchandise to get customers excited about the new movies and episodes that are coming out. This can also help with advertising, as customers will likely post pictures with movie-themed merchandise when they attend an AMC theater.

Making these changes known to consumers is essential in this plan of action. We can do this by advertising and emphasizing the idea that AMC provides a "More than a Movie" experience. By

advertising on TV and utilizing influencer partnerships, AMC can increase visibility and appeal to audiences seeking memorable and fun theater experiences. Having seasonal merchandise drops that are connected to major film releases would add to the “More than a Movie” experience and create a new revenue opportunity for AMC.

Conclusion

AMC Theaters has faced growing challenges post-pandemic as consumers increasingly favor streaming services for their affordability and convenience. To combat this, we recommend AMC differentiate itself by enhancing the theater experience by launching the “More than a Movie” campaign. This will include partnerships, expanding dining options, and introducing movie-themed merchandise.

AMC should also build on the success of themed popcorn buckets and develop its own candy and snack line to enhance its unique offers and reduce costs. We believe that by leveraging strategic advertising towards specific demographics, like couples with "date night" campaigns, and emphasizing the convenience of movie theaters to Gen-Z, AMC hopes to remain competitive and attract diverse audiences seeking immersive and memorable entertainment experiences.

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CHAPTER 1

MACROENVIRONMENT



Macroenvironment

Industry Definition

The movie theater and broader entertainment industry comprises of businesses that primarily presents films to the public and commercial venues, which encompasses theater operations, film distribution, tickets sales, and the overall cinematic experience. It traditionally includes cinemas, drive-in, and outdoor movie theaters.

With the rising popularity of streaming services, the sector now accounts for streaming services like Hulu, Peacock, Disney +, Netflix, and more. The movie theater industry is concerned with providing a high-quality display of a movie and an entertainment experience. This high-quality display includes the movie's presentation, the story's quality, food and snacks, seating, comfort, and atmosphere.

Demographic Trends

Five critical demographic trends are impacting the movie theater and broader entertainment industry. They include (1) Baby Boomers, (2) Generation X, (3) Millennials, (4) Generation Z, and (5) Generation Alpha.

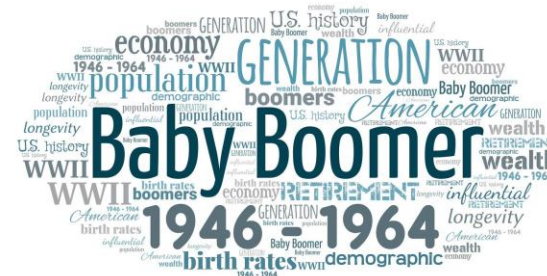


The movie industry is a prominent part of the entertainment industry. Movie theaters were affected by the COVID-19 pandemic, and people are going less often after they reopened. According to the Wall Street Journal, 65% of people prefer to watch a movie at home versus 35% who would rather watch in a theater.

Hollywood and the movie industry are working hard to stay relevant to everyone. The market is still demanding but changing with all the new advances. In this section, we will discuss the main trends in movie consumption for the five demographics stated previously to understand better how AMC Theaters are affected by the industry's current status.

Baby Boomers and their Foregoing of Theaters

Baby Boomers have the time and money to be avid movie theater attendees, but they are the least likely generation to go to the theaters. One of the most significant issues found in one article is that Hollywood does not focus on creating anything that appeals to baby boomers and does not market to them either. ¹



They are looking for more “multidimensional characters” and a real story but do not feel they are getting that from Hollywood. They also have a particular love for drive-in movie theaters, which are becoming less and less popular, so they may not be attending any movie theaters because they look like they will follow in the footsteps of drive-in movies. Finally, they are more concerned about going to public indoor activities after the COVID-19 pandemic because they are at a higher risk of getting sick and having lasting effects from sickness. ²

Within the broader entertainment side of the industry, Baby Boomers are also very keen on TV and video content, spending about 7.7 hours daily on digital entertainment, with 5.2 hours dedicated to watching TV and video content. ³ Boomers are less likely to use multiple streaming services compared to younger generations. They also tend to stick to their old habits, like listening to traditional radio. They enjoy community events, concerts, group fitness activities, traditional board games, social gatherings, cultural performances and events. ⁴

Generation X and Millennials Desire for Community

Millennials grew up around movie theaters, so they are more likely to be attached to them. They care more about the experience and the community created there. ⁵ Their top mode of entertainment is watching television and movies. They specifically like sitcoms and TV series.



¹ <https://www.spglobal.com/market-intelligence/en/news-insights/research/gen-xers-fill-the-entertainment-divide-between-boomers-and-gen-z-adults>

² <https://gointothestory.blcklst.com/baby-boomers-and-the-box-office-1913c2f1ffaa>

³ <https://www.spglobal.com/market-intelligence/en/news-insights/research/gen-xers-fill-the-entertainment-divide-between-boomers-and-gen-z-adults>

⁴ <https://www.spglobal.com/market-intelligence/en/news-insights/research/gen-xers-fill-the-entertainment-divide-between-boomers-and-gen-z-adults>

⁵ <https://bwmarketingworld.com/article/media-consumption-evolution-from-baby-boomers-to-gen-x-482567>

Furthermore, Gen Z is fully immersed in all forms of entertainment consumption. Growing up alongside social media and streaming services, Gen Z consumes media through multiple platforms, sometimes even simultaneously. Social media platforms like TikTok, YouTube, Instagram, and Snapchat dominate Gen Z's entertainment ecosystem.

Gen Z gravitates towards platforms offering bite-sized, engaging content. They constantly choose standalone stories and narratives that reflect their unique perspectives. Video games and interactive entertainment are also prevalent in this generation. They gravitate towards more interactive social gaming like Minecraft and Roblox, which facilitate building, creation, and interactive social experiences.⁹

Generation Alpha

Generation Alpha is still young, so there is little information on their media consumption. One article stated, "There has been a 39% increase in US 12-15s who say the movie theater is their favorite way to watch films." This is because they are very enthusiastic about seeing a movie as soon as it is released.¹⁰ This is likely primarily due to being born during the Covid-19 pandemic. They have a greater appreciation for going because they grew up in a world where movie theaters were more challenging to get to. They also tend to prefer comedy movies, like Gen Z; after that, educational and story-telling genres are preferred. They love to learn new things through the media.

Additionally, Gen Alpha thrives in the broader entertainment industry. They are the first actual digital-native generation fully immersed in the internet world. They stream videos daily through TikTok, Disney +, Twitch, or YouTube, dominating their attention over traditional TV. Unlike Gen Z's need for social interaction, gaming serves them as a creative outlet, but they gravitate towards the same games (Minecraft & Roblox).¹¹

Demographic Trends Conclusion

These demographics view and consume the movie and broader entertainment industry very differently. After the pandemic, most people are skeptical about going to theaters. They would instead use streaming services (which is reflected in younger generations adapting to streaming services and social media) because they are convenient and have all kinds of movie genres that cater to all demographics.

⁹ <https://bwmarketingworld.com/article/media-consumption-evolution-from-baby-boomers-to-gen-x-482567>

¹⁰ <https://explodingtopics.com/blog/generation-alpha-stats>

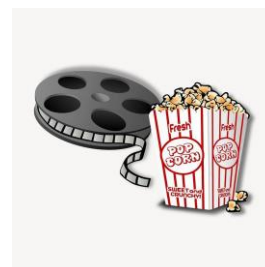
¹¹ <https://bwmarketingworld.com/article/media-consumption-evolution-from-baby-boomers-to-gen-x-482567>

Movie theaters should focus more on the people who have the time and the means to go to the movies, but they should continue to create things that cater to younger audiences so that they can have something for everyone. Movie theaters face many challenges but are trying to find ways to help people who want to return.

Economic Trends

Four significant economic trends impacting the movie theater and broader entertainment industry. They include (1) Industry Recovery, Growth, and Consumer Behavior after the COVID-19 Pandemic, (2) Streaming and how companies in the movie theater industry are trying to beat that giant. Movie theaters were left barren after the world shut down during the COVID-19 pandemic, (3) Inflationary Pressures, and (4) Consumer Discretionary Income Changes.

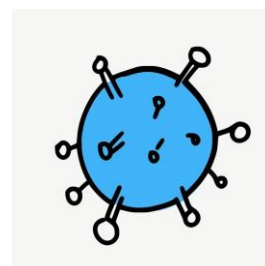
This has caused a butterfly effect of economic impacts, making it hard for the industry to bounce back from the pandemic. Streaming services continue to pose intense competition, affecting traditional theater attendance. All four of these economic trends are impacting the movie theatre industry.



Recovery, Growth, & Consumer Behavior Post COVID

One of the most significant hurdles the movie theater industry faces is the recent COVID-19 pandemic. The pandemic chained movie theatergoers to their homes and going to the movies became an apocalyptic thing of the past.

Coaxing people back into the theatres has been challenging, with real economic consequences. The global movie theater market was valued at \$69.7 billion in 2023 and is anticipated to grow at a CAGR of 5.1% between 2024 and 2032, potentially reaching \$108 billion by 2032. The US market is expected to grow from \$16.1 billion to \$26.92 billion.¹²



According to AMC's CEO, box office revenues have rebounded, with March 2024 being reported as the best March in five years. This regrowth could be credited to how the pandemic has changed consumer behavior in the movie theater industry. People are taking the movie-going experience as an event or an experience, not a pastime typical of consumers pre-pandemic.¹³

There's a growing trend of making movie-going a memorable event experience, as seen with phenomena like "Barbenheimer" in 2023. Younger audiences have been returning to theaters

¹² <https://etownian.com/main/news/business-buzz-the-revival-of-the-movie-theater-industry/>

¹³ <https://sites.lsa.umich.edu/mje/2023/04/24/an-economic-turnaround-for-movie-theaters/>

faster than older demographics, and consumers are willing to pay premium prices for enhanced viewing experiences like IMAX and Dolby theaters. Dolby theaters.¹⁴

Keeping up with Streaming

Streaming services continue to pose intense competition, affecting traditional theater attendance. Despite AMC's projected economic recovery, the industry still faces significant challenges. The US movie theater industry revenue has declined at a CAGR of 6.1% over the past five years, reaching an estimated \$15.3 billion in 2024. The number of movie theaters in the US has been steadily declining, from nearly 7,000 in 2005 to approximately 5,500 in 2019.¹⁵

Many theaters are upgrading their offerings, including improved food and beverage options, premium seating, and enhanced audiovisual technology. The industry is moving towards a multiplex format, offering multiple screens and high seating capacity to maximize earnings.¹⁶

In the struggle of sharing the space with streaming substitutes, theaters are exploring alternative programming like live events, classic film screenings, and unique experiences to diversify revenue streams. Some chains are even reducing the number of screens and repurposing space for additional entertainment options like arcades or bowling alleys.

Inflation's Impact on the Movie Theater Industry

Inflation has emerged as a formidable challenge for the movie theater industry, creating a complex economic landscape that threatens profitability and consumer engagement. The rising production, maintenance, and operations costs have squeezed theater margins, forcing companies to make strategic decisions about pricing and service offerings.¹⁷

Consumer prices for movie tickets have increased, with the average ticket price in the United States rising from \$9.16 in 2019 to \$11.75 in 2023,¹⁸ a stark reflection of inflationary pressures. These increased costs extend beyond ticket prices, affecting concession stand pricing, premium experience fees, and overall operational expenses. Theaters must now balance the need to cover rising costs with the risk of pricing out price-sensitive consumers, creating a delicate economic tightrope that could potentially further erode their market position.

Discretionary Income and Consumer Spending Patterns

Consumers' discretionary income has become critical to the movie theater industry's survival and growth strategy. The post-pandemic economic environment has witnessed significant shifts in

¹⁴ <https://www.greenbook.org/insights/executive-insights/consumers-and-the-future-of-the-film-industry>

¹⁵ <https://www.ibisworld.com/united-states/market-research-reports/movie-theaters-industry/>

¹⁶ <https://www.gminsights.com/industry-analysis/movie-theater-market>

¹⁷ <https://www.mordorintelligence.com/industry-reports/movie-theatre-market>

¹⁸ <https://intellias.com/media-entertainment-industry>

how people allocate their disposable income, with entertainment expenses facing increased scrutiny. While the average household's discretionary income has fluctuated, ¹⁹ consumers are becoming more selective about entertainment spending. Movie theaters compete with streaming services and a broader range of leisure activities and financial priorities.

Younger demographics are in particular willing to spend on unique, premium experiences, which has prompted theaters to develop more immersive and value-added offerings. This includes enhanced seating, gourmet food options, luxury amenities, and event-like screenings that transform movie-going from a simple pastime to a memorable experience. The challenge lies in convincing consumers that the theater experience justifies the higher cost compared to home streaming alternatives. ²⁰

Environmental and Natural Resource Issues

The movie industry faces two main environmental challenges (1) Greenhouse Gas Emissions, (2) Disposal and Recycling, and (3) Energy Consumption and Efficiency Across the Entertainment Ecosystem. The push to reduce these issues is more vital than ever, with Netflix striving to cut its emissions by half by 2030.

Greenhouse Gas Emissions

Unfortunately, all of the planning and production that goes into the magic of a movie also contributes to a large amount of greenhouse gas emissions. The entertainment industry produces about 700,000 tons of CO₂ equivalent a year.⁵

Some companies, like Netflix, are working on changing this hefty dose of emissions by implementing new practices on its sets. The popular Netflix original series, “Virgin River,” uses two 18k-watt, battery-powered lights on set instead of traditional diesel generators. It also uses Tesla's to shuttle staff back and forth from filming locations.



¹⁹ <https://traxinsights.com/2024/02/19/entertainment-industry-trends-2023/#:~:text=What%20are%20the%20economic%20pressures,to%20the%20ever%2Dchanging%20landscape>

²⁰ <https://traxinsights.com/2024/02/19/entertainment-industry-trends-2023/#:~:text=Consumer%20spending%20on%20media%20and,2023%20to%200.45%25%20by%20202>

Another Netflix original, “Bridgerton,” has tested hydrogen-powered trailers and trucks to work on combatting the issue. Meanwhile, “Stranger Things” is testing solar-powered trailers. Netflix's Albuquerque studio has invested in EV fast chargers, battery and solar storage systems, and geothermal water loops to see if they will help.

Despite these efforts, Netflix has yet to make much progress in reducing its greenhouse gas emissions. In fact, the company's 2021 and 2022 emissions increased compared to 2019. This is because the company is growing faster than its carbon-cutting strategies can keep up. AMC customers are not helping with the issue. In fact, every time they drive to an AMC theater, they contribute to greenhouse gas emissions unless they are driving electric cars.²¹

Disposal and Recycling

After every movie, popcorn buckets, soda cups, plastic straws, candy boxes, and other front-of-house items are thrown in the trash, destined to take up more room in a landfill. Back-of-house waste such as cardboard boxes and shipping materials are also tossed away as waste. Cinemark has attempted to combat these recycling issues by using color-coded recycling containers. These containers feature large, easy-to-understand graphics depicting which items go where.²²



Energy Consumption in the Entertainment Industry

The entertainment industry's energy consumption represents a significant and often overlooked environmental challenge. Movie theaters alone consume substantial amounts of electricity, with an average large cinema complex using approximately 350,000 kilowatt-hours annually equivalent to the energy consumption of 35 average American homes. Modern digital projectors, while more energy-efficient than traditional film projectors, still contribute to significant power usage, with a single digital projector consuming between 1.5 to 3 kilowatts per hour of operation.

Beyond theaters, film and television production requires enormous energy inputs, from on-set lighting and equipment to massive data centers supporting streaming services. A single hour of

²¹ <https://dcf.fm/products/amc-pestel-analysis#:~:text=Sustainability%20practices%20in%20theater%20operations,2030%20compared%20to%202018%20levels>

²² <https://dcf.fm/products/amc-pestel-analysis#:~:text=Sustainability%20practices%20in%20theater%20operations,2030%20compared%20to%202018%20levels>

streaming video can generate approximately 36 grams of CO₂, translating to billions of pounds of carbon emissions annually as global streaming consumption continues to rise.

Major studios and streaming platforms are increasingly investing in renewable energy solutions, with companies like Disney committing to 100% renewable energy goals for their direct operations by 2030. Some innovative approaches include solar-powered production facilities, energy-efficient LED lighting, and carbon offset programs to mitigate the industry's substantial energy footprint.²³

Science and Technology Trends

The movie theater and broader entertainment industry is experiencing six trends in science and technology. They are (1) The advancement and rising popularity of streaming services, (2) The development of at-home entertainment systems, (3) Increased technology for customer engagement, (4) New theater innovations, and (5) RealD 3D technology advancements, and (6) emerging cutting-edge technologies transforming the movie-going experience, including artificial intelligence, synchronized seating, and advanced projection technologies.

Rise of Streaming Services

The technological advancements of streaming services such as Netflix, Disney +, Hulu, and Peacock have seriously affected how consumers traditionally use movie theaters. As of 2023, the global streaming market is expected to reach approximately \$124 billion by 2025.

Streaming services turned into the cultural norm during the COVID-19 pandemic. Even after the pandemic, the industry continues its momentum due to continued technological advances and the consumers' demand for original series that are exclusive to specific streaming services.



With the rising popularity of streaming services, consumers opt to watch movies from home instead of at a movie theater. Streaming services also offer competitive pricing and sometimes chapter alternatives for consumers to watch their favorite movies at home.²⁴

²³ <https://dcf.fm/products/amc-pestel-analysis#:~:text=Sustainability%20practices%20in%20theater%20operations,2030%20compared%20to%202018%20levels>

²⁴ <https://www.ooberpad.com/blogs/audio-video-tips/home-theatre-technology-in-2024>

Streaming services are often bundled with consumers' phone plans, so they purchase a phone plan with Verizon and receive a complimentary subscription to streaming services like Disney +. This reduces consumers' need to attend a movie theater to see the latest film because they can wait for the movie to be released on their streaming service, where they can watch it for free.

At-Home Entertainment Systems

Advancements in quality, such as 4k TVs, surround sound stereo systems, and high-end projectors, make the at-home entertainment experience more enjoyable and reduce the need to seek out entertainment at a traditional cinema. ²⁵

Technology for Customer Engagement

AMC has utilized technology to increase its customer engagement. One way is through the AMC Stubs loyalty program. The program has gained over 20 million members as of 2023. The AMC mobile app can now be used to order tickets and concessions. The app has increased mobile ticket sales by 35%, creating a more convenient environment for ordering tickets and improving customer engagement. ²⁶

Theater Innovations

AMC has worked to improve consumers' viewing experience by investing in innovative theater technologies. As of 2022, AMC operated over 420 IMAX screens globally, significantly increasing its revenue per screen. The demand for immersive experiences rose, with the IMAX box office gross exceeding \$1 billion in 2022 alone, showcasing a growing consumer preference for high-quality cinema experiences. ²⁷

RealD 3D Technology

RealD 3D eyewear gives viewers a 3-dimensional experience they can't get at home. The RealD 3D eyewear is UV-sanitized and individually wrapped to provide viewers a safe and clean experience.

²⁵ HYPERLINK "<https://patobesmarthomes.com/the-evolution-of-smart-homes-and-theater-systems-in-the-home-and-hotel-room-redefining-theater/>"<https://patobesmarthomes.com/the-evolution-of-smart-homes-and-theater-systems-in-the-home-and-hotel-room-redefining-theater/>

²⁶ <https://gwsmart.tech/future-home-entertainment-smart-technology/>

²⁷ https://audioconceptsoston.com/blog/item/the-incredible-advancements-in-todays-home-av-systems?category_id=144

Artificial Intelligence in Cinema

Artificial Intelligence is rapidly revolutionizing the movie theater and entertainment industry, creating unprecedented personalization and operational efficiency opportunities. AI technologies are deployed to enhance customer experiences, optimize theater operations, and transform content creation. Movie theaters are implementing AI-driven recommendation systems that can predict audience preferences and suggest personalized movie recommendations through mobile apps and loyalty programs.

Behind the scenes, AI algorithms help theaters analyze attendance patterns, optimize scheduling, and dynamically price tickets based on predicted demand. In content production, AI is used for script analysis, predictive audience engagement modeling, and even to create visual effects. Some innovative theaters are experimenting with AI-powered concession stand recommendations, suggesting snacks and drinks based on individual customer preferences and past purchasing history. Additionally, AI-enhanced security systems can detect potential disruptions in theaters, improving overall audience safety and experience.

Synchronized Seating and Immersive Technologies

Synchronized seating represents a groundbreaking advancement in theater technology, transforming the traditional movie-watching experience into an interactive, multi-sensory event. Advanced theaters are implementing seat movement systems that synchronize physical seat motions with on-screen action, creating a more immersive viewing experience. These technologies can include vibration feedback, tilting mechanisms, and even temperature and wind simulation that correspond directly with movie scenes. For example, during an action sequence, seats might vibrate or shift to match the on-screen movement, while a scene in a cold environment could trigger a slight temperature drop in the theater. Some cutting-edge theaters are exploring haptic feedback technologies that can simulate physical sensations like wind, impact, or movement, bridging the gap between passive viewing and active engagement. These innovations aim to provide an experience that cannot be replicated in home entertainment systems, giving theaters a competitive edge in attracting audiences.²⁸

Laser Projection and Advanced Projection Technologies

Laser projection represents a significant technological leap in cinema projection, offering superior image quality, enhanced color reproduction, and improved energy efficiency compared to traditional lamp-based projectors. Unlike conventional xenon lamp projectors, they can

²⁸ https://audioconceptsoston.com/blog/item/the-incredible-advancements-in-todays-home-av-systems?category_id=144

maintain consistent brightness and color accuracy throughout their lifecycle, providing a more reliable and high-quality viewing experience. These advanced projectors consume less energy, generate less heat, and require significantly less maintenance, making them economically and environmentally advantageous. 4K and even 8K laser projectors are becoming increasingly common, offering unprecedented visual clarity and detail. Some theaters combine laser projection with high dynamic range (HDR) technologies to create unprecedented contrast and color depth levels. Additionally, laser projection allows for more flexible theater designs, as these projectors can be mounted at various angles and distances, enabling more creative and adaptive theater layouts.²⁹

Summary

The movie theater and entertainment industry are navigating a complex landscape of economic, environmental, and technological challenges. While movie theaters are head-to-head with streaming services to entertain, more pressures from inflation and changing consumer behaviors are driving significant innovations in theater experiences. As technology advances, consumers find more options to have a superior movie experience from the comfort of their homes.

Movie theaters and companies like AMC must find ways to set themselves apart and give consumers an exceptional movie experience that cannot be recreated at home. By advancing movie theater technology, theaters can continue to offer high-quality entertainment services that cannot be found anywhere else.

Political and Regulatory Issues

The movie industry is facing three significant challenges: (1) minimum wage increase, (2) political unrest, and (3) writers' strikes. Due to these lasting impacts, the movie industry has had to adapt.

Minimum Wage Increase

California recently raised its minimum wage to \$20 and expected job losses and price increases to follow. So far, no negative effects have been seen. With this successful example, there could be a federal minimum wage increase. Democrats in Congress have been pushing to increase the federal minimum wage to \$15 an hour nationwide. This could be an opportunity for the movie

²⁹ <https://patobesmarthomes.com/the-evolution-of-smart-homes-and-theater-systems-in-the-home-and-hotel-room-redefining-theater/>

industry to increase its prices, but it could also be a threat to the employees of the industry as they would lose their jobs.^{30 31}

Political Unrest

The Israeli Palestinian conflict caused movie theaters to shut down when the conflict broke out. Although the theaters are back up and running, the conflict still impacts when the movie theaters can stay open. Cinemas in Ukraine have slowly opened back up, and Russia has stopped showing U.S.-made films. This is a threat to the industry because it could result in movie theaters being shut down and loss of revenue.^{32 33 34}

Writers' Strike

Writers' strike in 2023 caused countless movies to be delayed. Most of those films are being played now or are coming out shortly. This was a threat to the industry but has turned into an opportunity for the movie industry to bounce back, as after COVID-19 movie theaters took a huge hit and are still trying to recover. The writers' strike also has affected the streaming service industry. Shows like, “Abbott Elementary”, “Grey’s Anatomy”, and “Law & Order” were delayed.^{35 36}

³⁰ https://www.inc.com/bruce-crumley/californias-20-fast-food-minimum-wage-is-a-win-win-win-research-says/90983200?utm_source=newsletters&utm_medium=email&utm_campaign=Inc%20-%20Top%2010 Newsletter%20-%20Inc%20-%20Top%2010%2010-6-24&leadId=549648&mkt_tok=NjEwLUxFRS04NzIAAGWATYN_M9HseMBTU3IHpTDcz63XQZ8lw9NpQFYOVK5G4ZxdVOuTLFWsMYhM0m_dQtSSjhsPbHhOYeHJzKpFkgZZ9wVggSqU9Yi1luE22i7dA

³¹ <https://variety.com/2021/film/news/movie-theaters-minimum-wage-increase-1234904416/>

³² <https://kyivindependent.com/russian-movie-theaters-openly-steal-western-films-but-remain-unpunished-so-far/>

³³ <https://www.jpost.com/israel-news/article-817288>

³⁴

<https://www.screendaily.com/news/israel-shuts-down-cinemas-halts-production-as-local-industry-rallies-behind-relief-efforts/5186788.article>

³⁵ <https://kyivindependent.com/russian-movie-theaters-openly-steal-western-films-but-remain-unpunished-so-far/>

³⁶ <https://apnews.com/article/actors-strike-delayed-shows-movies-writers-42b99032bb638930df097f675b363898>

Due to the writers' strike, there was a break-in when new movies were being released. The industry adapted, and there was an increase in the number of previously released movies being shown. After Russia invaded Ukraine, some film studios with lots of influence stopped selling their films to Russia. The industry has moved towards electronic ticket purchasing, which has reduced the number of employees needed and could benefit the industry if there were a federal minimum wage increase.³⁷

Implications

The entertainment industry faces increasingly complex political and regulatory challenges that extend beyond traditional movie theaters, encompassing intellectual property rights, digital content distribution, labor regulations, and international trade agreements. These challenges include navigating evolving copyright frameworks for streaming platforms, addressing AI-generated content ownership, protecting creators' rights in digital ecosystems, managing cross-border content licensing, and adapting to emerging technologies that disrupt traditional entertainment models.

Regulatory pressures span from labor classifications and gig economy worker protections to content censorship, data privacy, and technological transparency mandates. As a result, the industry must continuously develop proactive compliance strategies, engage in policy discussions, and invest in legal and technological innovations to remain competitive and compliant in a rapidly changing global entertainment landscape.

Cultural and Social Trends

There are a few different cultural and social trends that have an impact on the movie theater industry. These trends include a greater awareness of health and wellness, social media influence, and experiential entertainment trends.

Health and Wellness Trends

Greater health and wellness awareness has caused consumers to prefer healthier food options rather than movie theater concessions. Consumers are also more concerned with eco-friendly practices. According to PESTEL, “Data from a 2023 survey indicated that approximately 70% of AMC customers prefer theaters that engage in eco-friendly practices.”

Environmental Health

³⁷ <https://kyivindependent.com/russian-movie-theaters-openly-steal-western-films-but-remain-unpunished-so-far/>

The connection between a healthy environment and personal health is a significant concern for many consumers. Having clean air, water, and reduced exposure to harmful chemicals contribute to overall well-being. Because of this trend, consumers are more likely to support a business that prioritizes eco-friendly practices. “The COVID-19 pandemic profoundly affected public sentiment toward movie theaters. By 2022, an estimated 25% of audiences expressed trepidation about returning to crowded movie theaters. AMC implemented health and safety protocols, yet this lingering concern leads to fluctuating attendance rates. The company reported a 48% decrease in attendance as of mid-2022 compared to pre-pandemic levels. Health advisories continue to impact consumer behavior in the entertainment sector.”

Social Media Trends

Social media platforms play a significant role in shaping consumer opinions and driving trends. Social media dramatically influences which films become popular and how they are marketed. According to PESTEL analysis, “In 2022, over 50% of moviegoers stated that social media significantly influenced their decision on what to see in theaters. Twitter and Instagram, in particular, play pivotal roles, with hashtags and viral trends prompting increased interest and attendance. Trending hashtags can lead to significant box office boosts, impacting AMC’s foot traffic and box office revenues during opening weekends.”



Experiential Entertainment Trends

There’s a growing preference for unique and memorable experiences over traditional entertainment. People want outings to be exciting, unforgettable, and worth sharing about.

Industry Responses

Waste Management and Recycling Programs

AMC has implemented various waste management strategies. As of 2022, approximately 30% of AMC’s total waste is recycled. This translates to an estimated 20 million pounds of recycled materials annually. AMC has also implemented several health protocols to ensure safety for consumers and employees. According to PESTEL analysis, “As of 2023, AMC reported spending approximately \$30 million on enhanced hygiene protocols, including air filtration systems and sanitization efforts. These expenses account for around 3% of AMC’s total

operating budget, reflecting the industry's commitment to providing a safe viewing environment.”

Social Media Influencers/Advertisements

AMC Theaters created a \$25 million ad campaign to encourage consumers to get back into theaters rather than watching movies from home.³⁸ The massive ad spend is a first for a major theatrical exhibitor in the movie theater industry. The campaign features Academy Award winner Nicole Kidman decked out in a sparkly pantsuit, walking through an empty AMC theater with one simple message: “AMC Theatres. We Make Movies Better.” Kidman says, “We come to AMC Theatres to laugh, to cry, to care.”

Value of Customer Experience

AMC Entertainment Holdings consistently invests in state-of-the-art technology, comfortable seating, and luxurious amenities. AMC theaters are equipped with the latest audiovisual technology, including large screens, high-definition projectors, and immersive sound systems. By constantly upgrading their facilities, AMC ensures that moviegoers have access to the best possible visual and audio experience. AMC staff is trained to deliver exceptional service, ensuring that guests feel welcomed and valued throughout their visit.³⁹

The Transformation of Movie Theater Experiences

The movie theater and entertainment industry are evolving into a multi-dimensional cultural experience that transcends traditional film screening. Theaters are transforming into immersive, community-centric spaces featuring innovative offerings like curated cocktail bars, themed collectible merchandise, limited-edition popcorn buckets, and expanded programming that reflects global entertainment trends.

Responding to audience desires for unique experiences, cinemas are now showcasing diverse content, including Korean dramas and Spanish-language films, creating inclusive spaces that offer more than just movie viewing. Social media and experiential marketing drive these innovations, with theaters leveraging trending cultural moments and interactive experiences to attract audiences seeking memorable, shareable entertainment beyond home streaming options.

³⁸ <https://www.businessinsider.com/amcs-25-million-campaign-back-to-theaters-2021-9>

³⁹ <https://pitchgrade.com/companies/amc-entertainment-holdings>

Conclusion

As economic pressures, cultural preferences, and technology develop, movie theaters must find unique and creative ways to stay relevant in the industry. With technology constantly changing, movie theaters like AMC must be adaptable and learn to work with advancing technology rather than fighting against it.

Theaters also need to look to the consumers and deliver what they want. With recent trends, consumers want different food items offered in concessions and a say in what movies are shown in theaters. If the industry can listen to its consumers and their needs, the consumers will tell them precisely what they want. If movie theaters respond to these consumer preferences, they can increase movie theater attendance.



CHAPTER 2

COMPETITIVE ENVIRONMENT



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Competitive Environment

Market Life Cycle

There are two major trends within the movie theater and entertainment industry. They are (1) the differences between streaming services and movie theaters and (2) A change in content diversification.

Market Life Cycle Stage

The life cycle stage of the movie theater industry is mature. It is in the maturity stage because the movie theater industry has been very successful in the past, but sales have plateaued over the years due to the rise of substitutes. Because theaters scatter the globe and are relatively accessible, theater companies have to find a way differentiate rather than simply build more theaters.

There is a harsh difference between movie theaters and streaming services' success during the pandemic, and because of this, movie theaters are not thriving as they had previously. In 2020, movie theater revenue fell from industry \$18 billion dollars to \$4.5 billion due to the COVID-19 pandemic. Streaming services grew during the pandemic jumping from 15.5 billion dollars to 21.1 billion dollars. While movie theaters are still trying to recover from this hit, streaming services are doing better now than ever and are in a period of growth.⁴⁰

User-Generated Content/Short-Form Content

Platforms such as TikTok and YouTube have created a space for users to share their own content in the form of short videos. This is seen through YouTube Shorts and Instagram Reels. As of 2024, the average person spends 58 minutes and 24 seconds a day. This form of entertainment is rapidly growing.⁴¹

Social Media Integration

Social Media platforms create a place for content discovery and community engagement. With the implementation of algorithms, users receive a more personalized entertainment experience that boosts content that is tailored to the individual user's needs. Social media works in two directions as content creators can receive income based on the content they share. Users can also interact with content creators giving feedback through likes and comments on posts.

⁴⁰ <https://www.statista.com/statistics/185127/revenue-sources-of-us-movie-theaters-since-2005/>

⁴¹ <https://explodingtopics.com/blog/time-spent-on-tiktok>

Interactive Experiences

Virtual Reality technologies have changed entertainment experiences. Users can now interact and be a part of the experience rather than just watching the story take place. Users can make choices through this form of entertainment that affects the end product.

Gaming has also increased in popularity and can connect users with other fellow gamers across the world. According to Statista, “About 2.6 billion global gamers and gaming titles being available on almost every digital device, video games are one of the most popular and enduring hobbies worldwide.”⁴²

Summary

It can be difficult to stay competitive in a constantly changing industry. Differentiation is a major factor in this competitive market. With the rise of streaming services and content diversification consumers have more entertainment options than ever. In order to stay competitive in this industry, movie theaters need to offer an exclusive experience that users cannot get elsewhere.

Marketing Programs

Streaming services utilize marketing programs that focus on exclusive offers and what sets them apart. Netflix focuses on the promotion of its show “Outer Banks” which is exclusively offered on Netflix. Another example is the show “Secret Lives of Mormon Wives” which is only offered on Hulu. These marketing strategies are appropriate because they force consumers to use and purchase a specific streaming service if they don’t want to miss out on the next hit show.

Movie theaters do not implement an appropriate marketing strategy. One example where they fall short is that consumers have complained about movie theater trailers giving away the whole movie. They also focus on showing commercials once consumers are already inside the theater. However, they should instead be showcasing commercials outside of theaters in regular TV commercials.

Customers – Moderate to High Bargaining Power

The bargaining power of customers in the movie theater and broader entertainment industry ranges from a moderate to a high level due to (1) The vast number of entertainment substitutes, (2) Consumers increased price sensitivity, and (3) Access to reviews and ratings of current movies.

⁴² <https://www.statista.com/topics/1680/gaming/>

Substitutes:

Since the COVID-19 pandemic, consumers have had exponentially increasing access to various entertainment options such as streaming services, video games, social media, and live events. These entertainment options directly affect consumers' bargaining power within the industry because these substitutes offer consumers entertainment from the comfort of their own homes or on the go at a lower cost for the content given versus the cost per theater visit.

Additionally, improvements in home entertainment systems available to consumers have narrowed the gap between the theater and home viewing experiences. Customers can easily switch between different theater chains, even within the movie theater competitors, without incurring significant costs. Consumers can drive a hard bargain against a night at AMC movie theaters because it is more convenient and cost-effective for them to stay home.

Price Sensitivity:

The price of going out to the movies has always been perceived as an expensive outing. In 2019, before the COVID-19 pandemic, the average movie ticket price in the US was \$9.16.⁴³ In 2022, post-pandemic, ticket prices have been steadily increasing, with the average reaching \$10.53. These increased prices may cause fewer theater visits with customers, specifically families⁴⁴ and large groups (who tend to be very price sensitive), becoming more selective about which movies they see in theaters, if any. During economic downturns or periods of inflation, which affect AMC's biggest target audiences (Families, Young Adults, and General Moviegoers), entertainment expenses are often among the first to be cut from household budgets.

Accessible Reviews:

Today, customers have incredibly easy access to movie reviews, ratings, and ticket prices through websites and apps such as Yelp, IMDB, social media, Rotten Tomatoes, Fandango, etc. With about 68% of consumers checking reviews before deciding to watch a film in theaters,⁴⁵ influencing their choices and increasing their bargaining power; the customer instantly can determine whether a movie is worth their time; if it is not, they are not likely to see it in theaters. Critics and consumers can contribute to these reviews, which increases their bargaining power because many online ticketing services, including AMC's platform, integrate review scores and ratings directly into the purchasing process.⁴⁶

Key Target Markets:

⁴³ <https://marketingmovies.net/2023/cinema-ticket-price-cuts/>

⁴⁴ <https://canvasbusinessmodel.com/blogs/target-market/amc-theatres-target-market>

⁴⁵ <https://dcf.fm/products/amc-porters-five-forces-analysis>

⁴⁶ <https://pmc.ncbi.nlm.nih.gov/articles/PMC9204591/>

Movie theaters have five key target markets, each with varying degrees of bargaining power.

General moviegoers, representing a broad demographic with moderate to high bargaining power, are typically price-sensitive occasional viewers influenced by reviews and word-of-mouth.

Film enthusiasts, while demonstrating moderate bargaining power, are frequent viewers who appreciate cinema as an art form and seek diverse content, including independent and foreign films.

Families constitute a significant segment with moderate to high bargaining power, particularly price-sensitive due to multiple ticket purchases and valuing convenience and safety.

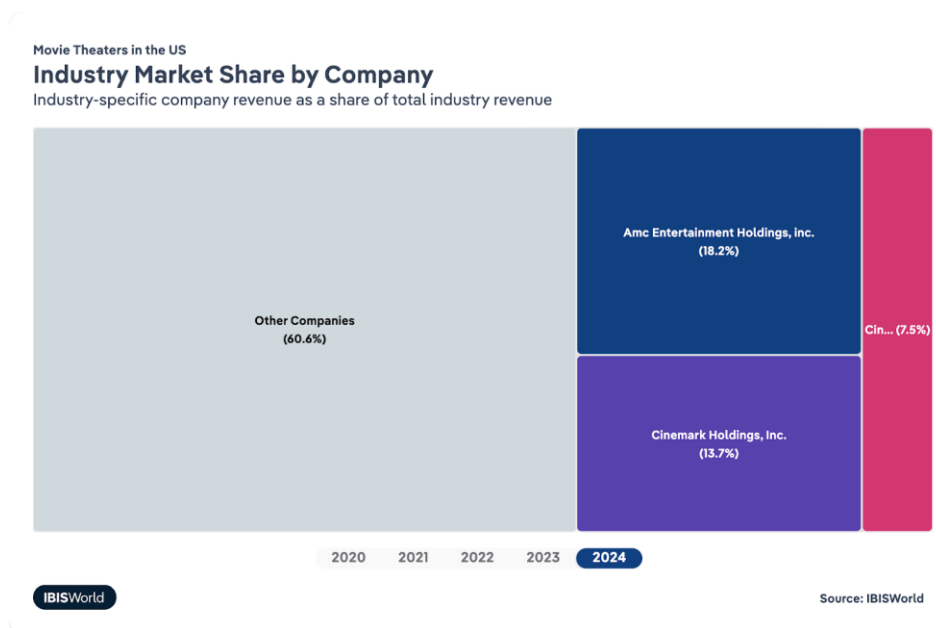
Young adults (18-34) possess high bargaining power due to their tech-savvy nature and numerous entertainment alternatives, while premium experience seekers, though having moderate bargaining power, are willing to pay more for enhanced viewing experiences and exclusive amenities.

Finally, **loyalty program members** demonstrate moderate bargaining power and are characterized by their appreciation for rewards and special treatment, though they maintain the ability to switch between competing programs.

AMC addresses each segment's needs through targeted strategies, ranging from competitive pricing and diverse programming to premium formats and loyalty rewards.

Competitive Rivalry – High Threat Level

As of right now, the competitive rivalry in the movie theater industry is a high threat. It is at a high threat level because of the lack of differentiation between competitors and the amount of market share each competitor has. There are 3 main competitors in the movie theater industry: Cinemark, AMC, and Cineworld. Companies must stay up to date with industry trends and be prepared to respond to any changes. The industry is very competitive as they all share a commodity. The companies can only do so much to change experience and quality but at the end of the day all of the companies are providing the same product. All of the competitors have had to figure out a way to combat the effects of COVID-19.



Major Competitors in the Movie Theater Industry

AMC:

AMC Entertainment Holdings, inc. is a public company headquartered in Kansas with an estimated 33,694 employees. In the US, the company has a notable market share in at least one industry: Movie Theaters, where it accounts for an estimated 18.2% of total industry revenue.⁴⁷ This indicates a significant presence and influence in the industry, which is a testament to the company's reputation and expertise in the industry.

AMC has the largest market share in comparison to its competitors. To combat the effects of COVID-19, AMC has introduced showing concert films in its theaters. “*Taylor Swift: The Eras Tour* is expected to achieve \$2.2 billion in North American ticket sales, potentially triggering approximately \$5 billion in consumer spending in the United States.

This partnership suggests a strong possibility that AMC could earn approximately ⁴⁸ from the venture, a pivotal step toward the company's return to pre-pandemic levels of revenue.”⁴⁸ AMC

1. ⁴⁷ <https://my-ibisworld-com.dist.lib.usu.edu/us/en/industry/51213/financial-benchmarks>

2. ⁴⁸ <https://www.thestreet.com/memestocks/amc/heres-how-much-amc-could-make-through-taylor-swift-the-eras-tour-concert-film#:~:text=AMC%20has%20taken%20an%20unconventional,film's%20gross%20revenue%20with%20AMC.>

also had significant media coverage a few years ago which resulted in an increase in stock prices, but in the long term did not impact AMC's financial outlook.

Cineworld:

Cineworld is a private company headquartered in the United Kingdom with an estimated 28,000 employees. In the US, the company has a notable market share in at least one industry: Movie Theaters, where it accounts for an estimated 12.5% of total industry revenue.⁴⁹ Cineworld is an example of a company that was not able to get back on its feet after COVID-19.

Cineworld had a lot of closures because⁵⁰Cineworld has said it will close six venues across Britain as part of a plan to cut costs, as the debt-laden chain continues to struggle with the headwinds facing the cinema industry.⁵¹ This shows that Cineworld is less likely to be a major threat to the industry as it is dealing with cut costs and closures.

Cinemark:

Cinemark Holdings is a public company headquartered in Texas with an estimated 20,000 employees. In the US, the company has a notable market share in at least one industry: Movie Theaters, where it accounts for an estimated 13.7% of total industry revenue.⁵¹ In order to counteract the effects of COVID-19, Cinemark began experimenting with different ways to increase revenue, one way it tried to increase revenue was to work with Netflix.

Cinemark's website says, "Cinemark began its in-theatre relationship with Netflix through a limited-location test of *Christmas Chronicles 2* in November 2020. Following the success of multiple limited, exclusively theatrical releases, Cinemark expanded its relationship with the wide release of Zack Snyder's ⁵²and has now shown more than 10 of the studio's films in the immersive, cinematic environment Cinemark auditoriums offer."

Another way Cinemark tried to increase revenue was to really hone in on customer experience and its loyalty program. Cinemark is one of the major competitors in the industry, it has put in efforts to improve its customer satisfaction, and it has made efforts to diversify its appeal.

⁴⁹ <https://my-ibisworld-com.dist.lib.usu.edu/us/en/industry/51213/financial-benchmarks>

⁵⁰ <https://www.theguardian.com/business/article/2024/jul/27/cineworld-to-close-six-uk-cinemas-in-cost-cutting-drive>

⁵¹ <https://my-ibisworld-com.dist.lib.usu.edu/us/en/industry/51213/financial-benchmarks>

⁵² <https://ir.cinemark.com/news-events/press-releases/detail/523/cinemark-announces-red-notice-is-exhibitors-best>

Suppliers – High Bargaining Power

The bargaining power of suppliers in the movie theater and broader entertainment industry is high due to (1) Major studios making demands on theaters to screen its films; and (2) Rising costs for food supplies for concessions.

Movie Studios

The bargaining power of movie studios is high because they can make a lot of demands and movie theaters have to agree or not show the movies.

Disney has made some of the most beloved movies, but it began to buy out other companies and is headed toward becoming a monopoly.⁵³ Because it has such exclusive access, Disney makes demands that movie theaters must follow to show its movies. It keeps old movies in the "Vault" so that theaters cannot show them, and it has since done the same for 21st Century Fox movies. By restricting the movie market, theaters have less content to show and are therefore negatively impacted.

Movie studios will also shorten the theatrical release of a movie to put it on streaming platforms sooner. Studios will make more money from the streaming services than the theaters because they have to split the box office revenues with the theaters. Theaters are unable to keep people coming in at the same rate as new releases once movies are put on streaming because consumers would rather watch movies in the comfort of their own home. This shows how easily movie theaters are affected by the actions of movie studios, which gives them high bargaining power.

Finally, the labor strikes in 2023 negatively affected the movie industry as a whole, but especially movie theaters. Because nothing was being written, movies were unable to be made. This meant fewer movie releases, so movie theaters had fewer movies to show. Theaters also lost money on concessions during this time.⁵⁴

Concessions

After the COVID-19 pandemic, inflation rates have gone up. This has impacted any business that sells food. Theaters are no exception to this with concessions. Suppliers also experience inflation on their raw materials, labor, and other operational expenses, which causes them to raise the prices of their own goods. These higher prices cause theaters to raise their prices as well, which reduces the demand to purchase concessions.

⁵³ <https://www.promarket.org/2019/12/23/it-is-time-to-break-up-the-disney-empire/>

⁵⁴ <https://www.indiewire.com/news/box-office/strikes-over-damage-theatrical-box-office-1234925398/>

The food suppliers in movie theaters are often prominent brands, which appeal to customers because they believe they are getting the best. This means that there are not many alternatives if a theater wants to find a cheaper option. This shows that concession suppliers have strong bargaining power because theaters rely heavily on concession sales, so there are not many options to switch if customers are expecting certain brands.⁵⁵

Summary

The suppliers are what make or break a movie theater. Without them, there are no products to sell because they create the experience that consumers love. There is some flexibility for some theaters about certain suppliers, but overall, movie theaters would not survive without these inputs. They may be costly at the moment, but in the long run, they could be what saves movie theaters.

Potential Entrants – Low Threat Level

The threat level for potential entrants in the movie theater industry is low. There are a couple of different market factors that indicate this level of threat: 1) high startup costs and 2) rise in alternative entertainment channels.

High Startup Costs

Starting up a movie theater is no easy task. There are very expensive startup costs and regulations that prevent a lot of interest in starting up a movie theater. Production costs are growing, and this makes it very difficult for entrants. High startup costs stem from expensive investments in real estate, infrastructure, digital equipment, and ongoing operational expenses. Staffing costs, licenses, and utilities all add to the many expenses movie theaters are faced with.

Rise in Alternative Entertainment Channels

Throughout recent years there has been a huge rise in streaming services. With easy access to streaming from home, movie theaters are starting to lose their popularity. Customers are finding replacements for entertainment such as video games, streaming shows from home, and mobile app games.

Entry Barriers

Primary entry barriers for the entertainment industry are production costs, consumer's loyalty to brand, and mass entertainment production.

⁵⁵ <https://fox4kc.com/news/amc-theatres-to-make-big-change-at-concession-stands/>

Production Costs

As technology has advanced, content creation is available to all. Pretty much everyone has access to creating and sharing entertainment if they choose to. However, nowadays the quality of content shared in the entertainment industry has dramatically improved. To produce content that will be competitive in the industry, there are expensive startup costs.

Investments in marketing, high quality equipment, and editing software are all necessary and expensive for new entrants. According to Mordor Intelligence, “Demand for better streaming media services is expected to be boosted by the growing popularity of high-quality videos in terms of clarity.” To keep up with the demand for quality, there are several expenses that are associated with that.

Brand Loyalty

There are several production brands that are established and carry brand loyalty in the entertainment industry. When consumers have a brand they trust, it is difficult to challenge that loyalty.

Consumers often gravitate towards what they know and are comfortable with. As a new entrant, this barrier can be difficult to combat. Not only do these new entrants have to create entertaining and quality content, but it is just as important to establish a trustworthy brand where consumers feel included.

Mass Entertainment Production

The media and entertainment industry is highly saturated, while the movie theater industry is made up of a few of the top well-known companies. There is an overwhelming number of content creators as there is an increase in social media platforms being used. Consumers have a wide variety of entertainment options nowadays such as podcasts, YouTube videos, Instagram reels, TikTok videos, and television, just to name a few.

Because there are so many different forms of entertainment, it is a competitive industry for newcomers and difficult for movie theaters to continue to get any business. The issue the movie theater industry runs into is that because of the mass production of entertainment in our world today, it is much easier for consumers to stay at home rather than go out to a movie.

New entrants in the movie theater industry could overcome these barriers by focusing on a very specific niche market that sets it apart from its competition and creates an experience people cannot get from home. There is not much going on regarding the start up production costs, but it could offer something different that would allow consumers to have an experience with its

company. Movie theater companies must create an experience for consumers that stands out when compared to other easy access forms of entertainment.

The main incentive to enter the entertainment market is that it is rapidly growing and will continue to do so. “The Media & Entertainment Market size is estimated at USD 29.88 billion in 2024, and is expected to reach USD 43.5 billion by 2029, growing at a CAGR of 7.80% during the forecast period (2024-2029).”⁵⁶ This growth rate is huge and a great opportunity for platforms to jump on.

New entrants in the movie theater industry is low, however, entertainment substitutes are a high threat. The biggest issue movie theaters are facing is this rise in entertainment production. Streaming and digital services are so convenient and an easy form of entertainment, so people view staying home and watching a show, instead of going out to the movie theater, as the better option.

I would speculate that social media platforms like TikTok or Instagram could potentially enter the movie streaming industry. The article *Is TikTok The Future of Television* shares that on October 3rd, Paramount uploaded the entire movie *Mean Girls* to TikTok in 23 different videos. “This effort marks the first time a streaming service brought a full episode of one of its scripted series to TikTok, and it could be the future of TV as young generations continue to scope out entertainment in virtual spaces, they live in.”⁵⁷

If TikTok were to offer streaming services, the pricing would most likely be cheap, thus attracting a lot of its users. This is just one example of how platforms are looking to expand their services. A more realistic company that could potentially enter the movie theater industry is Netflix. Netflix has already shown signs of reinventing its business as it started with gaming and is now one of the most successful streaming services.⁵⁸ Primary entry barriers for the entertainment industry are production costs, consumer’s loyalty to brand, and market saturation.

Competitive Substitutes – High Threat Level

The threat of competitive substitutes in the movie theater and broader entertainment industry is high due to (1) The rise of streaming services and (2) The interactivity of video games.

Streaming Services

Streaming services are a high-level threat to the movie theater industry. During COVID-19 streaming became a daily necessity for consumers searching for forms of entertainment while in

⁵⁶ <https://www.fastcompany.com/90949672/tiktok-future-of-television-peacock-streaming>

⁵⁷ <https://www.fastcompany.com/90949672/tiktok-future-of-television-peacock-streaming>

⁵⁸ <https://www.mordorintelligence.com/industry-reports/media-and-entertainment-market-landscape>

lockdown. The total minutes people spent on streaming services for the first week of quarantine (March 16th, 2020) more than doubled from the same week in the previous year.⁵⁹

Additionally, the number of Americans that subscribed to a streaming service doubled during the pandemic lockdown.⁶⁰ Post-pandemic, streaming has continued to be a part of consumers' daily lives serving as a convenience over physically going to the theaters and setting aside the undivided time for a movie. The Motion Picture Association states that “global theater attendance dropped by 4% in 2021 partially due to the availability of films on streaming platforms.”⁶¹

This is because staying at home and having access to so many movies and television shows was more convenient and attractive than driving to a theater to watch one movie. It also costs less for more options. The New York Times states, “the average movie theater ticket costs \$11.75 in 2022.”⁶² A streaming service subscription starts at \$6 for the most basic, according to the Wall Street Journal.⁶³ This proves that streaming is more cost-effective than going to a movie theater.

Video Games

Video games are also a high-level threat to the entertainment industry. Due to the stay-at-home restrictions of COVID-19, consumers had nothing better to do than find ways to entertain themselves, and movie theaters were not an option. Video games saw a huge increase in engagement. According to IBIS World, the video game “Industry revenue has grown at a CAGR of 3.9% over the past five years, to reach an estimated \$106.8bn in 2023.”⁶⁴

Video games are a major threat to the entertainment industry because it is more convenient, people can partake in video games without having to leave their homes. Another reason video games are also a threat to the industry is that the market size is projected to increase over the next 5 years. While the entertainment industry, specifically the movie theater industry is declining, the video game industry is growing.

External Stakeholders and Publics – High Threat Level

In the movie theater industry, the threat of external stakeholders and public organizations is high. Consumers are influenced by many external factors like (1) Celebrities, (2) Social Media Influencers, (3)

⁵⁹ <https://www.greenbook.org/insights/executive-insights/consumers-and-the-future-of-the-film-industry>

⁶⁰ <https://sites.lsa.umich.edu/mje/2020/09/26/covid-19-and-its-impact-on-television-streaming-services/>

⁶¹ <https://motionpicture.edu/socialcinema/2023/06/19/the-impact-of-streaming-services-on-the-movie-industry/>

⁶² [https://www.nytimes.com/2023/03/05/business/media/movie-theaters-ticket-prices.html#:~:text=If%20the%20answer%20is%20theaters,Square%20costs%20\\$10%20with%20tax.](https://www.nytimes.com/2023/03/05/business/media/movie-theaters-ticket-prices.html#:~:text=If%20the%20answer%20is%20theaters,Square%20costs%20$10%20with%20tax.)

⁶³ <https://www.wsj.com/buyside/arts-entertainment/entertainment/best-streaming-services>

⁶⁴ <https://www.wsj.com/buyside/arts-entertainment/entertainment/best-streaming-services>

Environmental Groups, (4) Movie Critics, (5) Social Critics, and (6) The Motion Picture Association Board.

Celebrities

Celebrities have a great pull in the digital entertainment industry because oftentimes they are the ones in the movie or show. For instance, consumers who are fans of Ryan Reynolds will make an effort to watch films with him in them. Whereas, if a film does not cast any famous stars from Hollywood, the film will likely not attract as large of a crowd because it lacks a big-name celebrity that brings their fan base.

Celebrities are an opportunity for the movie theater industry. By utilizing celebrity endorsement and featuring films that showcase a celebrity, movie theaters can attract customers because consumers are likely to watch a movie with their favorite celebrity in it, even if they don't care much for the content of the movie.

Movie theaters have made great progress in creating partnerships with celebrities to promote the movie theater experience. This is seen in the success of Taylor Swift's "The Eras Tour" movie theater experience. AMC provided an experience that consumers could not create at home.

People from across the globe were gathering together in theaters to dress up as their favorite Taylor Swift era, exchange friendship bracelets, and sing along with their favorite singer. These theater experiences also featured exclusive merch which set them apart from the at-home streaming version of the tour. This success has encouraged AMC to continue creating concert experiences in its theaters.

Social Media Influencers

In a world that is so dependent on media, consumers often look to the internet for information and someone to tell them what they should watch. Social media influencers start trends and give feedback on what they believe is worth a watch. This is seen in the recent controversy and trend of the movie "It Ends With Us." Differing opinions and growing popularity online pushed consumers to watch the film so that they could keep up with the trending topic.

Social media influencers are an opportunity for the digital entertainment industry. If movie theaters can work with social media influencers to promote upcoming movies or their theater experience, then they can increase the number of movie-goers. While social media influencers can also have a negative opinion towards a movie or theater experience, controversy creates trends and puts the name of the business out there so that consumers can try it for themselves and decide if they like it or not.

Consumers care about the opinions of social media influencers, so the entertainment industry has been working to meet their demands.⁶⁵ Recently, social media influencers have encouraged the popularity of drive-in movies, especially during the COVID-19 pandemic when social distancing was necessary.

⁶⁵ <https://my-ibisworld-com.dist.lib.usu.edu/us/en/industry/51213/performance>

The trend of drive-in movies has continued, and the entertainment industry has worked to develop ways to meet the rising trend.

Environmental Groups

Another important factor is environmentalist groups. With the growing concern for the environment, it is important that the various features in the entertainment industry are being produced sustainably. These eco-friendly groups are encouraging customers to demand greener options throughout their daily lives. This places pressure on markets like movie theaters to offer consumers environmentally friendly options such as solar-powered theaters or biodegradable popcorn buckets.

Environmental groups are a threat to the industry. If movie theaters and other entertainment groups refuse to make the transition to more environmentally friendly practices, they will lose the business of many individuals who value the environment. Especially because the entertainment industry is not a necessity, if individuals don't like the way it's being run, they will not partake in the product.

Other industry players have been making significant efforts to satisfy environmentalist concerns. Streaming services like Netflix are making huge strides to create movies and other forms of entertainment more sustainably. Theaters are also making efforts to reduce waste in their concessions using waste management techniques

Movie Critics

Movie critics play a vital role in the movie theater industry.⁶⁶ In 2018, 63% of adults expressed that they heavily rely on online reviews before deciding to see a movie. Because of this, movie critics pose a threat to the industry since they hold so much power and can deter customers from coming into theaters to see a film in the first place. This can drastically affect ticket sales.

Since moviegoers rely so heavily on movie reviews, theaters are encouraging their customers to leave their own reviews in the hope to increase the number of positive reviews online.⁶⁷ In order to persuade customers to leave reviews, theaters incentivize their customers by offering them coupons and other perks through their loyalty programs.

Social Critics

Social critics also have a strong influence and act as a threat to movie theaters. With strong social shifts that frown upon the presence of sex, alcohol, drugs, or cigarettes in movies, many consumers can be against movies being shown in theaters. This also applies to cultural shifts. Social critics are demanding the representation of different cultural groups in movies. Since movie theaters just show whatever

1. ⁶⁶ <https://news.nd.edu/news/similarities-in-movie-review-content-by-critics-and-general-users-impact-movie-sales-study-shows/#:~:text=Consumers%20often%20read%20online%20reviews,reviews%20before%20seeing%20a%20movie.>

⁶⁷ <https://filmgrail.com/blog/movie-theater-loyalty-programs-building-lasting-relationships/>

movies are coming out by big box office companies, they do not have a lot of power in deciding what is and what isn't included in movies which is why social critics are a threat.

Motion Picture Association Board

The Motion Picture Association (MPA) Board is the board that is responsible for the movie rating system and is a threat to the industry. The MPA has a strong influence on movie theaters because its ratings determine the suitability of certain films for specific audiences. Films that are rated R may require age restrictions or parental permissions which affect movie theater ticket sales.

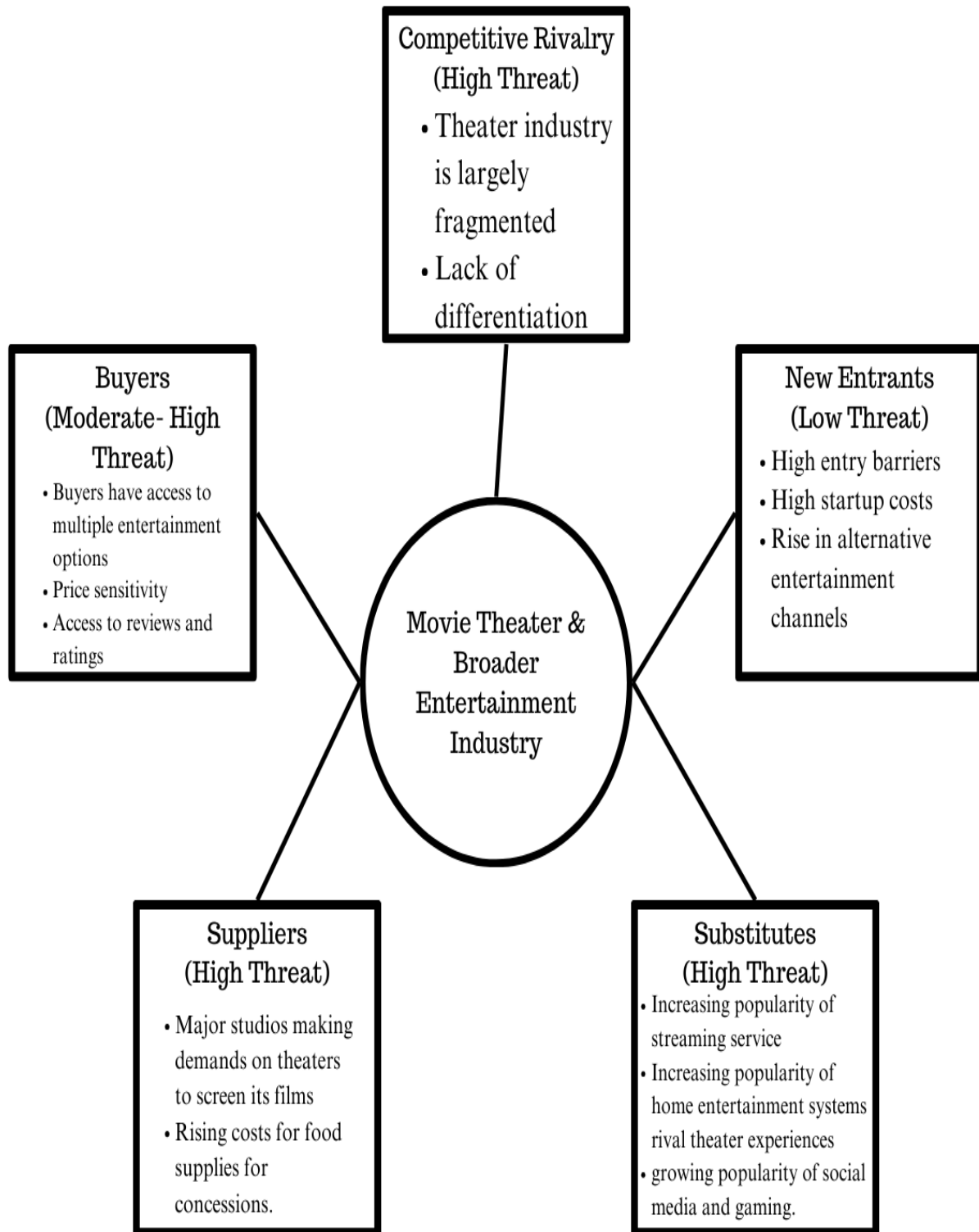
Because theaters don't have any power of the ratings of certain movies, they make sure to offer a wide range of options so that there are PG, PG-13, and R rate movies. This way there is something for everyone and those affected by movie age restrictions can still watch something else.

Summary

It's important to be aware of external stakeholders in the industry. This allows companies to adjust their strategy accordingly to accommodate rising trends and factors. Social media influencers are an important external factor in this industry. Influencers shape the public's opinions and what they think of certain movies or theater experiences.

Celebrities are also an important factor to note because of the parasocial relationships they create with consumers, individuals create a bond with them and will be more willing to see a movie if they are in it. Environmental groups are also critical external stakeholders to look out for. Because movie experiences are purchased using discretionary income, consumers are more critical of the product. With the rise of environmental awareness, it is important that theaters such as AMC recognize the interest in eco-friendly products so that it can satisfy its consumers.

Porter's Five Forces Summary:



Porter's Five Forces Analysis:

Opportunities and Threats Facing AMC:

The biggest threats to the movie theater industry are (1) Substitutes, (2) Competitive Rivalry, and (3) The Power of the Buyers.

Substitutes:

The movie theater industry has many competitive substitutes, the two biggest are (1) Streaming Services and (2) Video Games.

Due to COVID-19 there has been a trend to stay at home, streaming services boomed during that time and now, post COVID-19, movie theaters are paying the price because customers have no need to leave their house and see a movie at a movie theater. Another substitute that also rose during COVID-19 was video games, serving the same purpose as movies, an entertaining way to escape from reality, people also found that during COVID-19 there was not much to do and there was a huge rise in the video game industry that is causing a major threat to the movie theater industry.

Competitive Rivalry:

Due to the amount of competitors AMC faces, it is a threat. Companies like Cinemark and Cineworld, have a significant market share. The issue is that all of the companies provide similar services, so there is very little to differentiate. Due to there being so many different options for customers to choose from, the chances of customers going to a movie theater other than AMC are high. This is not good for AMC's brand, especially if there is a loyal AMC customer that switches to another company because that company offers better rewards or benefits.

Power of the Buyers:

The movie theater industry has many brands offering essentially the same products, low switching costs, and a lack of product differentiation among brands, consumers have high

bargaining power. When consumers have countless brands available that produce similar products within the movie theater industry, consumers can easily switch from brand to brand until they find what best fits their needs, leading to a lack of loyalty to specific brands and giving all the buying power to the consumer. Also, when movies are only shown in certain theaters it will cause loyal customers to go to other theaters and potentially switch their alliance.

The most significant opportunities in the movie theater industry are (1) Enhanced Luxury Experience, (2) Expanding Menu Options, and (3) Tapping into the Production Industry.

Enhanced Luxury Experience

AMC can create a more memorable experience for customers by investing in more luxury seating, including themed food packaging, and offering exclusive services. While most movie theaters have somewhat comfortable recliners, AMC should set themselves apart by having larger recliners that give more leg space for each person.

Incorporating themed packaging that aligns with movies that are playing is another great opportunity to improve the experience for customers and make it worth coming into the theaters rather than streaming from home. To provide a more personalized experience, AMC could offer services that bring food and drink refills to your seat so you don't have to miss any part of the movie.

Expanding Menu Options

In order to create a more fun atmosphere that is different from every other movie theater, AMC should expand its menu. It could add character-themed meals and special monthly offers. It could have seasonal names for snacks with special additions and gourmet versions of movie theater food. For example, along with the typical buttery movie theater popcorn, it could offer zebra popcorn, which is a caramel popcorn drizzled with white and milk chocolate.

Tap into the Production Industry

As streaming services are a major threat to the movie theater industry, AMC could use this threat to its own advantage by jumping on board. We have seen the success that Netflix and other streaming services are experiencing right now and if AMC were able to show its own films in theaters, it could be a huge jump for the company.

Key Objectives: Overcoming Threats and Capitalizing on Opportunities

There are three key objectives that AMC should undertake based on the opportunities and threats. They are (1) Brand Differentiation, (2) Increased Community Engagement, and (3) Convenience.

Brand Differentiation

The threat of competition is high because competitors are doing the same thing. In order to make AMC more successful, it must find a way to make itself different, better, and more unique than its competitors.

One option to do this is to make the experience more luxurious. This could look like more cushioned seating, higher-end concessions, or a more immersive experience through decorations. Another option would be to figure out how to show different movies than other movie theaters. This could come from exclusive deals with streaming services like Netflix or creating its own films.

Community Engagement

Another objective is to create an environment that helps promote social activities in movie theaters. People tend to want to go to the movies with company whether it be family, friends, or a date. This works for everyone, but they tend to want to do a more social activity before or after like dinner or dessert. If there were more social aspects of movie theaters, there may be more incentive for people to stay longer and spend more money.

One idea for this is themed movie nights for the different movies being shown. This would allow people to dress up and engage more with the company. Another option is to have an arcade attached to the theater so that people can come and play games or do fun activities like bowling or laser tag without having to leave the building.

Convenience

Finally, we live in a time of convenience and instant gratification. A movie theater does not provide these due to the previews before the movie and the need to leave your home and go to the theater. If a movie theater can find a way to increase convenience for consumers, it will have renewed interest in its industry. This could be present in the form of going mobile. It could create

a virtual reality theater experience to sell. It could also have an ordering app for concessions while consumers are watching the movie to minimize the need to get up during the movie.

CHAPTER 3
**MARKET STRATEGIES
AND PROGRAMS**



amc®

Strategic Market Position

AMC Theaters' mission is to innovate the moviegoing experience for its customers. It doesn't want you just to visit a theater; it wants you to experience the AMC difference of premium formats that bring you superior acoustics, richer imagery, luxe recliners, a choice of screening technologies, and superior quality movie snacks.

AMC describes itself as offering cutting-edge entertainment.⁶⁸ Its marketing strategy focuses on 4 key pillars: strengthening its brand recognition, diversifying its product and service offerings, forming strategic partnerships, and maintaining strong operational management.

AMC employs a hybrid approach to its competitive strategy that combines elements of differentiation and focus strategies. AMC differentiates itself within the movie theater industry by delivering an enhanced, premium theater experience, leveraging innovations like its partnership with Nicole Kidman and expanded food and beverage options, while focusing on its core moviegoing customer base.

Nicole Kidman became the spokesperson for AMC in late 2021 and her contract was set for a year. Due to the popularity of the ads, the contract was renewed for another year. She took on the project because of her "desire to keep cinemas alive."⁶⁹

While AMC's strategy has established a strong brand and customer base, its market strategy is not unique. Many movie theater chains use the same strategies to emphasize the in-theater experience, partnerships, and operational efficiency. AMC must continue innovating and enhancing its customer value proposition to achieve a compelling competitive edge.

We overview AMC's marketing position to consider the following: (1) Key Value Propositions, (2) Effectiveness, (3) High Cost and Limited Flexibility, and (4) Key Objectives.

Key Value Propositions

AMC's strategy successfully delivers the "best" proposition to its customers. AMC offers frequent moviegoers the compelling "best" value by providing benefits like point accumulation,

⁶⁸ <https://www.amctheatres.com/our-brands/amc>

⁶⁹ <https://www.cnn.com/2024/03/19/entertainment/nicole-kidman-say-she-hopes-amc-ad-will-help-keep-the-magic-of-movies-alive/index.html#:~:text=That%20is%2C%20of%20course%2C%20because,desire%20to%20keep%20cinemas%20alive.%E2%80%9D>

free upgrades, and exclusive member pricing on tickets and concessions through its Stubs rewards program. The program is particularly appealing with special promotions like collectible popcorn buckets and member-exclusive preview screenings.

AMC has tried to reach luxury status by continually upgrading its seating to be more comfortable, but that comes with the loss of space for more people to watch the movie. They have not been able to successfully differentiate themselves through “luxury,” and we do not think that is the direction they should take because people already think going to a movie costs too much and would not be willing to pay more for luxurious features if they can watch the movie at home more comfortably.

AMC positions itself as a premium entertainment provider through investments in plush reclining seats, enhanced audio-visual technology, and an elevated food and beverage menu that goes beyond traditional movie snacks, including AMC’s exclusive candy. This is what makes them the “best” compared to competitors.



While individual ticket prices may be slightly higher than some competitors, the combination of premium amenities and rewards program benefits creates a strong value proposition for regular customers seeking a superior movie-going experience. AMC has not necessarily achieved “best in class” or “must have” status, as competitors offer similar premium features and loyalty programs, making it difficult for AMC to claim absolute market leadership in these categories.

Effectiveness



AMC’s strategy is effective in three key areas: customer experience focus, diversification, and brand recognition. The company has successfully differentiated itself through AMC’s moviegoing experience, including new technologies, comfortable seating options, and premium formats like IMAX and 3D. AMC has also effectively diversified its revenue streams beyond traditional

movie screenings by hosting special events, broadcasting live entertainment, and offering private theater rentals.

AMC’s Stubs rewards program and strategic partnerships have strengthened brand recognition and customer loyalty. Notable partnerships in the past year include the exclusive

partnership with 13 Management to show The Eras Tour Movie only in AMC theaters nationwide.

High Cost and Limited Flexibility

Despite AMC's strengths, no company is without its weaknesses. AMC faces significant financial challenges, such as high debt levels and operational costs that limit its strategic flexibility. AMC remains heavily dependent on the traditional theater business model and blockbuster releases, making it vulnerable to vicious competition from streaming services. As long as AMC remains stagnant and dependent upon the traditional theater business model, streaming services will continue to diminish AMC's customer base.

Key Objectives

To enhance AMC's competitive edge in the entertainment industry, it must pursue several crucial objectives. First, the company needs to focus on strengthening its digital presence by developing more robust mobile platforms that enhance the customer booking experience and engagement. Additionally, AMC should continue diversifying its content offerings beyond traditional films, incorporating live events, e-sports tournaments, and special cultural experiences that can't be replicated at home.

The company must also prioritize elevating the in-theater experience by investing in cutting-edge technologies like advanced sound systems and innovative screening formats. Enhancing the AMC Stubs loyalty program with more personalized rewards and exclusive experiences would help deepen customer relationships and drive repeat visits.

Finally, developing strategic partnerships with complementary brands and movie studios could create unique marketing opportunities and exclusive content offerings that set AMC apart from its competitors. Following these initiatives would help AMC address its current weaknesses while leveraging its established strengths in the market.

Product Portfolio Analysis

AMC offers many things beyond showing movies. Some were popular in the past, but are becoming less necessary, while others could become AMC's next big thing if they are improved upon and executed properly. The four categories that these offers are placed in are (1) Dogs, (2) Stars, (3) Cash Cows, and (4) Question Marks.

Dogs

AMC has been pushing for and investing in reclining seats. About 10 years ago, it had a huge renovation to put reclining seats in to boost sales.⁷⁰ This worked for now, but it is no longer unique to it. Multiple cinemas have also renovated their theaters to have reclining seats. Traditional Concession may face declining relevance due to newer offerings like custom concessions or dietary-conscious options. Also, with an increase in customers bringing their own food, it is becoming more and more obsolete, especially because AMC is no longer investing in typical concessions.

Another “dog” would be the showing of the movies. This is not enough to keep people coming to the theater because it is much more convenient for them to watch a movie at home on a streaming service. AMC must innovate and make its theaters more than just watching the movie. It can do this by focusing on comfort and concessions.

Stars

AMC has recently started investing in making its own candy.⁷¹ It offers chocolate-covered pretzels, raisins, and different types of nuts. Due to COVID-19, many supply issues increased prices by up to 33%. By creating its own concessions, AMC is able to lower prices for its customers while increasing its profit by cutting out the middleman. If AMC were to continue to invest in producing its own candy, by adding more variety to the different types of candy offered, it could make this a cash cow and help with its differentiation.

Another recent trend that AMC has been hopping on is selling limited edition popcorn buckets that are themed after a movie comes out. For example, AMC will be selling pink and green popcorn buckets for the Wicked movie that will come out in late November 2024.⁷² If AMC continued to invest in and release these popcorn buckets, they could very quickly become cash cows. It should also distribute its candy brand to sell in grocery stores and candy shops to build its brand recognition.

⁷⁰

<https://www.proquest.com/usnews/docview/1543236669/E4251486E1D44A58PQ/1?accountid=14761&sourcecetype=Newspapers>

⁷¹ <https://www.supplychaindive.com/news/AMC-will-manufacture-its-own-candy/649804/>

⁷² <https://www.amctheatres.com/offers/wicked>

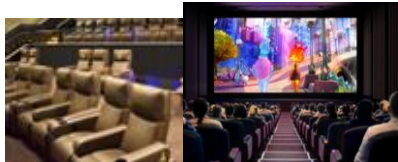
Cash Cows

AMC is well known for its rewards program that has three different tiers. There is a free tier with certain benefits, a second tier that is \$15 a year, with almost all offered benefits, and an A-List tier with all the benefits, including 3 free tickets a week.⁷³ This A-List tier is unique to AMC and it really helps differentiate itself from its competitors.

This is a cash cow because there is very little for AMC to invest in and AMC can continue to offer this reward repeatedly. By offering multiple tiers, customers who regularly attend can pay more to get multiple free tickets a week; those who don't go as often can sign up for the free program or pay to get more benefits

Question Marks

AMC has recently been introducing more food options for its customers to have while watching movies. AMC has been theming its food based on movies that are being released.⁷⁴ This is considered a question mark because it has not been fully invested in, but could be, as we are seeing a recent trend of movie theaters offering more luxury food in theaters.⁷⁵

Star: 	Question Mark: 
Cash Cow: 	Dog: 

⁷³ <https://www.amctheatres.com/amcstubs>

⁷⁴ <https://www.amctheatres.com/food-and-drink>

⁷⁵ <https://thebossmagazine.com/cinema-food-service/>

Recommended Innovations

We recommend that AMC invest in expanding its brand recognition by offering its concessions in stores so that people think about it outside of going to the theater. AMC has tried to establish itself as a luxury company, but we believe it has become more of a “best” proposition. AMC can embrace this route by increasing and expanding its gourmet candy selection and offering more exclusive food options that can be purchased while in theaters.

We also recommend it offer more exclusive merchandise in the theater like movie-specific clothing and blankets. If people want to collect this merchandise, they will have to come to the theater to get it. They would not have to watch the movie in the theater, but if they are going to be there to purchase any of these, it makes a more convenient trip to watch the movie there as well. This would enhance its differentiation from its competitors, which AMC has had a hard time doing, as all competitors offer the same service.

Competitive Advantage Assessment Through Barney's Criteria

AMC's strategic position in the marketplace is composed of the following key elements: (1) Rewards Programs and (2) Strategic Partnerships.

Rewards Program

AMC's most prominent advantage is its rewards program. It is set up as a tier system, so a consumer who pays more will receive better rewards. This incentivizes consumers to visit the theater more to get what they pay for. This supports the objective that AMC Theaters will provide a premium experience, and it will be enhanced based on attendance frequency. This is an advantage because other theaters have a singular program with one reward option. AMC believes its customers appreciate the ability to customize their experience.

Strategic Partnerships

AMC has been putting out advertisements starring Nicole Kidman who entices watchers with descriptive and flowery language. This is part of a “We Make Movies Better” (AMC Updates Iconic Nicole Kidman Ads Article) campaign to get people back into movie theaters. This

allows AMC to reach a variety of demographics, and if it continues to create these ads with different celebrities, it will reach many more.



The campaign uses phrases like, “We Amplify Any Movie,” “We Make Movies More Rewarding,” and “We Make Movie Going Effortless”. AMC has a partnership with IMAX to make the movie experience more captivating and “amplified”. It is meticulously set up to ensure “perfectly tuned sound and images.”⁷⁶ It also has a generous reward program that keeps customers returning. Finally, the easy access to tickets and concessions through the app and website makes customers love going to its theaters.

Sustainability of the Competitive Advantage

There are many attributes that create a sustainable competitive advantage. AMC does well with some but could improve on others. These attributes are: (1) Value by Consumer, (2) Uniqueness, (3) Easy Imitation, and (4) Strategically Equivalent Substitutes.

Value By Customer

AMC’s partnerships create a higher quality experience than competitors offer. It has a partnership with IMAX and Dolby, which enhances vision and sound. This makes AMC movies slightly more expensive, but consumers are willing to pay for a better experience. This is something that consumers are unable to recreate at home with streaming services, which creates an advantage for AMC.

AMC also offers a rewards program that offers points that can be redeemed for monetary rewards, waived fees, birthday gifts, free size upgrades for concessions, and much more.⁷⁷

⁷⁶ <https://www.imax.com/the-imax-experience>

⁷⁷

https://www.amctheatres.com/amcstubs?utm_term=&utm_source=google&utm_medium=paidsearch&utm_campaign=2023Loyalty&gad_source=1&gclid=CjwKCAiAudG5BhAREiwAWMLsJEquM92g_JtQMhxHC3X9n9Yr8_INDxWIWqxLAZXu9EFY2yPm3GccLxoCoo8QAvD_BwE

This creates value for a customer because they can pay what they are willing to for the rewards they want to receive. It does not have to be all or nothing.

Uniqueness

AMC offers cushioned recliners in its theaters. They have since upgraded to power reclining which lays the seat back with the push of a button and Dolby Cinema recliners which massage you during the film.⁷⁸ This creates a unique movie-going experience because the recliners require more space, limiting the amount of seating. Competitors have begun to offer premium seating for some customers but have not upgraded every seat as AMC has.⁷⁹

Another unique feature of AMC is that it has built bars on the premises that offer cocktails, beer, and wine. It is called MacGuffins bar, and the term was coined by Alfred Hitchcock meaning “a plot device that propels the movie forward.”⁸⁰ It offers specialty cocktails, craft beers, and premium wines. This is a great bar for people to go on a date or a night out with friends because it is high-end.

Some competitors have alcoholic beverages at their theaters, but AMC has a wider variety of drinks. This allows customers to have a night out without going to multiple places before or after the movie.

Easy Imitation

AMC is very easily imitated. It tends to be the leader in movie theater innovation, but other theaters usually follow closely behind, as seen with the reclining seats. They all show the same movies and create the same experience because they have all created a classic movie theater experience that consumers have begun to expect. AMC should implement ideas that are more difficult for other theaters to adopt, but it should not rely on that to be its only advantage because it is not sustainable.

⁷⁸ <https://www.amctheatres.com/recliner-seating>

⁷⁹

<https://www.cinemark.com/technology#:~:text=At%20Cinemark%2C%20we%20believe%20nothing,middle%20of%20all%20the%20action.>

⁸⁰ <https://www.amctheatres.com/food-and-drink/macguffins>

Strategically Equivalent Substitutes

Cinemark and Cineplex are considered strategically equivalent substitutes because they offer the same product in the same atmosphere. They all show movies and sell similar concessions and experiences. They both offer a cheaper, average, and expected movie experience. All three companies are direct competitors of each other.

Key Marketing Objectives and Strategic Initiatives

Two prominent initiatives will allow AMC to improve its market position. They are: (1) Emphasize Date Night/Night Out Convenience and (2) Engage with the Community.

Emphasize Date Night/Friends Night Out Convenience



Another initiative could be to create a date night experience so that consumers can do “dining and a movie” all in one place. When building new theaters, AMC should target areas and look for new locations that have restaurant and dessert options nearby. This will make it more convenient to stay near the theater rather than to go home and watch a movie. On a typical date night/friends night out, people tend to get dinner and dessert and do an activity. AMC can also create a date night experience by offering fun, original dining options. They should also add lounges so that people can hang out and talk while waiting for their movie. It is difficult to get people to go to the movies now that streaming services are so prominent, but by creating an experience like this, AMC could attract many more customers.

Engage with the Community

One thing consumers cannot do when watching movies on streaming services is engage with others in the community and with the movie screen itself. We propose that AMC update its app and website to include trivia, quizzes, and interesting activities that can be accessed before and after the movie. This would look like answering questions to predict what will happen and extra information about movie scenes, actors, and effects. This can be a great addition to the date night/friends night out initiative because it can become a friendly competition to see who does better in these activities. This would allow for some people to have a more interactive experience while going to the movie theater.

Conclusion

AMC Theaters finds it difficult to differentiate itself within the competitive movie theater industry. However, it tries through high-end seating, enhanced audio-visual experiences, and exclusive customer rewards. While the company has worked to establish a strong brand, it faces significant challenges, such as high operational costs, debt, and intense competition from other theater chains and streaming services.

To gain a competitive edge, AMC must continue to innovate, enhance its in-theater experience, and expand its product and service offerings in a way that is difficult for other theaters to copy. It can do this by further diversifying its content and amenities, reinforcing its customer loyalty programs, and emphasizing the experience you can get at its theaters. This will help AMC solidify its place in the market and address weaknesses that threaten its future growth. Ultimately, a sustained focus on convenience, innovation, and customer experience will be crucial in navigating an increasingly competitive entertainment landscape.



Plan of Action

The main findings from Chapters 1-3 drive a strategic vision for AMC that emphasizes a unique, experience-based approach to the movie theater industry. Key issues that influence AMC's new objectives include:

Competitive Pressure from Streaming Services and Digital Entertainment

With streaming services as a dominant substitute, AMC aims to diversify its brand to stand out by offering experiences that can't be replicated at home. The Taylor Swift Eras Tour film experience demonstrated that unique, interactive events create customer draw and engagement. As AMC explores in-theater experiences like date nights, it intends to transform theaters into venues for all-encompassing experiences.

Consumer Demand for Premium, Customized Experiences

Consumer trends highlight the growing popularity of premium experiences, as seen in rising attendance for events such as sports screenings and movie-themed merchandise. AMC's "AMC Stubs" loyalty program has successfully attracted repeat customers and expanded it to include exclusive rewards for special events and collectibles further positioning AMC as a premium destination.

By producing its own snacks, expanding food offerings, and selling movie-themed merchandise, AMC adds layers to the in-theater experience that caters to various demographics, especially families and younger audiences.



The Appeal of Event-Based and Serialized Content

As TV shows and serialized content rise in popularity, AMC's proposed partnership with Netflix to screen shows like "Stranger Things" taps into a new market. This strategy attracts a broader audience, including non-moviegoers, by offering series screenings and discounted bundles for full seasons. This approach aligns AMC with current digital consumption trends, expanding its content beyond traditional movie screenings.

Targeted and Innovative Marketing

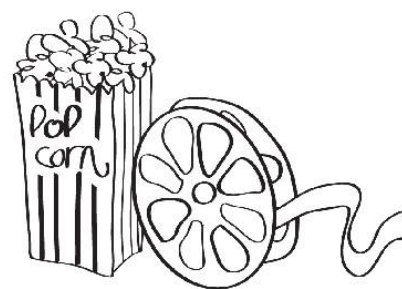
AMC's strategy includes a robust marketing campaign that highlights its unique offerings, such as themed experiences and partnerships. Leveraging social media and influencers, AMC will engage its target audience—Gen Z and young adults—through interactive content and promotion of exclusive in-theater experiences. With the recommendation to advertise on TV and utilize influencer partnerships, AMC aims to increase visibility and appeal to audiences seeking immersive, premium theater experiences.



These findings underscore AMC's strategy to reshape the moviegoing experience by creating in-theater events, promoting premium services, expanding into digital platforms, and forming brand partnerships. By focusing on these core areas, AMC can diversify revenue streams, enhance customer loyalty, and establish itself as a unique entertainment venue that stands apart from competitors and digital substitutes.

Proposed New/Improved Market Position

Our new and improved mission statement for AMC: “AMC theaters is dedicated to reshaping the movie-going experience by offering unique, interactive events and top-tier experiences that cannot be found at other theaters. We are committed to diversifying our brand, enhancing our loyalty programs, and expanding into digital and streaming services to meet the ever-changing needs of our customers. Through creating partnerships and offering exclusive, unforgettable experiences, we aim to build lasting connections with our audience and provide an entertainment experience that goes beyond the ordinary.”



AMC's improved market position hopes to create a focus on a theater experience that sets itself apart from other theaters. It is positioning itself as a premium entertainment spot that goes beyond the traditional movie experience. Focusing on innovation, AMC aims to transform this experience to be more interactive, creative, and memorable.

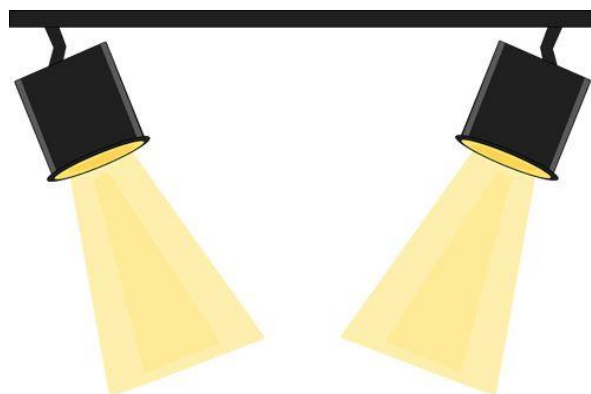
The company differentiates itself by implementing a hybrid competitive strategy, combining elements of both differentiation and focus. This strategy emphasizes “best in class” value by

offering rewards programs and luxury services. This market position is designed to build stronger connections with its customers, turning AMC into a premium entertainment experience, rather than just another place to watch movies.

Despite AMC's strong competitive differentiation and brand recognition, it still battles with challenges in setting itself apart from other movie theater experiences. While in the past it has made several improvements by offering rewards, 3D movies, and IMAX, several other movie theaters have adopted these same features. This new proposed market position for AMC strives to strengthen its leadership within the entertainment industry.

In order to accomplish this, we suggest partnering with streaming services to release television episodes. AMC differentiates itself by focusing on enhancing the customer experience by implementing partnerships, exclusive content, and luxury improvements. AMC has the opportunity to elevate its competitive edge by putting into action this new market position.

This improved market position will not only enhance AMC's customer attraction but will set itself apart in a very crowded and competitive market. With this new market position, the goal is to become a "must-have" entertainment experience that shows customers why AMC is the better option over other theaters. With a focus on unique experiences, AMC has the opportunity to increase customer loyalty.



Strategy

The strategy we are deciding on at AMC needs to make note of our major objectives, scope, and competitive advantage.

Our major objective is to diversify our brand and set ourselves apart from other movie theaters. Movie theaters offer a pretty standard experience across the board, so AMC needs to implement strategies that set it apart from its competitors. We will do this by creating experiences at AMC theaters that can't be replicated elsewhere. This has previously been successful with events like the Taylor Swift Eras Tour film experience.

AMC offered souvenirs and collectible popcorn buckets for the Taylor Swift fans as well as offered them an environment where they could stand up, dance, trade friendship bracelets, and sing along together. This experience was an attractive event because swifties could gather together for a fun time at AMC and they couldn't create the same experience at home.

Our next objective is to promote our premium experiences. At AMC we want to put more resources into our marketing program and work towards better promoting our product, increasing brand recognition, and enhance customer loyalty. The AMC loyalty program “AMC Stubs” has been successful over the years in retaining customers. We want to focus on promoting the program to continue to persuade customers to choose AMC over other movie theaters or to choose the AMC theater experience over watching a movie from your home.



Another objective of ours is to expand to include digital and streaming services platforms in AMC theaters. With the rise of streaming services that often serve as a replacement for movie theaters, AMC is striving to find ways to compete with the streaming service industry. One way this has worked so far is through AMC Theaters On-Demand which allows customers to rent or purchase films outside of the traditional movie theater setting of AMC. While AMC does not have the infrastructure to replace other streaming platforms like Disney +, by partnering with streaming services, it can fight against its competitors.

Our last objective is to leverage partnerships. We see an opportunity in the industry for brand partnerships. We can collaborate with various food companies to expand our concession offerings, like Krispy Kreme donuts that are themed after specific movies being shown or collaborating with companies like Marvel to offer movie-themed collectibles that are only offered in AMC theaters.

AMC’s scope consists of Gen Z and a younger audience. It also focuses on targeting couples and offering experiences like a date night package that they would be interested in. Each AMC geographic location focuses on customers within a 10-15-mile radius based on their willingness to travel.⁸¹ Most AMC theaters are in the Eastern half of the United States so our scope will be focused there.



These new strategies will increase sales and revive AMC from its plummet since the pandemic. Through our major objectives of diversifying our brand, promoting our premium experiences, expanding to digital and streaming service platforms, and leveraging partnerships AMC can take the movie theater industry by storm. As we pinpoint our scope and highlight our competitive advantage AMC will see remarkable results.

⁸¹ <https://www.amctheatres.com/on-demand>

Create a Date Night Experience

By creating an environment where couples can have access to dinner, activities, and desserts, AMC will be the perfect place for a date night experience. This will differentiate AMC from other movie theaters and will provide an experience that cannot be replicated at home.

AMC can do this by expanding its dining options to include more of AMC's self-produced candies, including more formal dining options, and implementing activities that turn theaters into an experience rather than just a movie. This will pair perfectly with AMC's already-established loveseat chairs that allow couples to sit closer together rather than two separate movie theater seats.

AMC has already seen success with in-theater experiences similar to this like the Era's tour movie experience. That event was wildly successful because customers who shared a love for Taylor Swift could come together, trade friendship bracelets, sing along, and purchase Eras Tour merchandise exclusive to AMC. It has also been successful with AMC's showings of NFL football games. This same concept applies since customers can have an all-in-one experience at AMC that cannot be replicated at home through streaming services.

Partner with Netflix

In order to gain board appeal, we recommend that AMC partners with Netflix. Specifically, AMC should focus on featuring TV shows, like the upcoming "Stranger Things" season, on the big screen. We recommend that AMC offers to show each episode of the new season weekly. AMC should also offer a discounted bundle for customers who purchase tickets for all the episodes of the TV show in advance. This will attract customers who might not have Netflix subscriptions but want to see a specific series or customers who don't typically enjoy movies.



Expand AMC-Produced Food and Merchandise Offerings

AMC has already found success in creating and producing its own brand of candy and food products. By expanding its products and offering a wider variety of its own customized products, AMC can capitalize on and improve this offering to provide a more unique movie theater experience.

As we suggest streaming TV shows in theaters, we also recommend offering themed popcorn buckets that go along with the show. AMC already has its very own chocolate-covered pretzels, raisins, and different types of nuts. We recommend adding to this list by producing and selling its own flavored frozen lemonades, pretzels, candy bars, nachos, frozen yogurt, and gelato.

By producing these products on its own, AMC can eliminate going through other manufacturing companies. By adding to the themed popcorn buckets, AMC could offer specialty drinks that match the movies being played. We also recommend offering movie-themed sweatshirts to get customers excited about watching new movies and feel comfortable in the theater.

Create Marketing Campaigns

We suggest that AMC increase its marketing strategy by running more advertisements on TV platforms. This would allow AMC to reach the new target audience that prefers TV shows and show them that there is something for them at the movie theaters as well. Its social media focuses more on the movies they are showing, but it should focus more on what sets it apart from other theaters like the options listed in the previous steps. There are many innovations AMC is making that are not known to customers until they experience them.

An example of a promotion AMC could release would be partnering with influencers to promote exclusive movies and deals. They could also post stories with interactive content like teasers, quizzes, and polls to get followers involved and excited about the new innovations.

Price: Due to the current financial status of AMC, our added improvements, and our partnership with Netflix it will be necessary to raise prices to ensure ongoing financial success.

Product: AMC will have to expand both its media offerings and concession products. By working with Netflix to premiere the new season of “Stranger Things,” AMC will attract a new audience that prefers TV shows instead of movies. AMC will also expand its concession offerings through the growth of its manufactured candy selection by creating more candy varieties. It will also expand its merchandise by selling custom souvenir popcorn buckets that correlate with each movie playing.



Place: By expanding its dining options and creating experiences in its theaters, AMC becomes a one-stop shop so that customers don’t have to go anywhere else for their entertainment needs. These unique experiences that can’t be replicated from home also change the place where customers are receiving their entertainment by making customers come into the theater rather

than watch something from home. AMC will offer these extra services to expand its customer base and get people to come to the theaters.

Promotion: AMC will have to change its promotions to better match its new movies and concessions. An example of this would be selling TV show tickets in discounted packages as part of its partnership with Netflix.

Target Market Segments

The new marketing mix will focus on two primary market segments:

Gen Z and Young Adults (18-34)

- **Appeal:** These audiences are attracted to convenience, social interaction, and unique experiences. AMC's streaming partnerships, interactive events, and themed concessions appeal to this group's love for exclusive content and social media-worthy moments.
- **Promotional Strategy:** Social media and influencer partnerships will effectively reach this demographic with interactive content such as polls, live streams, and giveaways on platforms like Instagram, TikTok, and YouTube to engage this tech-savvy segment.

Couples and Families

- **Appeal:** The date night and experience packages as well as the expanded dining offerings, create an all-in-one entertainment option. Families will appreciate the themed merchandise, collectible items, and activities designed for diverse age ranges.
- **Promotional Strategy:** AMC will utilize family-friendly promotions, loyalty rewards, and packages that provide discounts on bulk or season ticket purchases for specific movie or TV show events. Television and in-app ads will reach parents who prefer traditional media.

Supporting AMC's New Marketing Vision and Addressing Key SWOT Factors

Based on a strategic analysis of AMC's position in the market, several vital factors emerge that shape the company's future direction. AMC has significant opportunities to expand its reach by integrating digital streaming options and hosting exclusive in-theater events, effectively

countering the stay-at-home trend while differentiating itself from streaming competitors. While rising prices and inflation threaten consumer attendance, AMC can mitigate these risks by targeting segments that value premium, exclusive experiences, effectively positioning itself as a luxury entertainment destination.

The company's established brand recognition and successful loyalty program are foundational strengths that can be leveraged to enhance the in-theater experience and forge unique partnerships with streaming services like Netflix. Though AMC's reliance on physical theaters results in higher operational costs than digital-only competitors, this apparent weakness can be transformed into an advantage by reimagining theaters as multi-functional entertainment spaces, creating a distinct value proposition in the broader entertainment landscape. This marketing mix supports AMC's goal of being a premium, experience-driven brand. It strategically positions itself to address key industry challenges while appealing to targeted market segments with high growth potential.

CHAPTER 5

PRODUCT STRATEGY AND PROGRAMS



Product Strategy and Programs

The primary service that AMC Theaters offers, as the largest movie theater chain, includes blockbuster films, independent movies, and special screenings. It also provides premium viewing experiences through optimizing innovative technology, like IMAX and Dolby Cinema. It also provides dining options with concessions, expanded menus, and alcoholic beverage options. AMC also allows customers to rent a theater for birthday parties, corporate retreats, and other personal and professional uses.

AMC is a well-recognized movie theater company nationwide, but it is specifically prevalent in the eastern United States. The public views AMC as a premium movie theater offering a comfortable yet convenient movie-going experience. It is also known for inventing the modern theater as we know it, which includes multiple theaters in every AMC building. While this was very innovative at the time, it was quickly replicated along with many other aspects of AMC causing it to no longer stand out in the industry and differentiate itself. Compared to other movie theaters, AMC's name and logo are generic and lack the emotional appeal that its competitors offer.



Using the SERVQUAL framework, which is a model used to evaluate service quality, we can analyze AMC's strengths and weaknesses through these five categories: (1) Tangibles, (2) Reliability, (3) Responsiveness, (4) Empathy, and (5) Assurance.

Tangibles

AMC provides modern theaters that feature leather reclining chairs with advanced technology like IMAX and Dolby Cinema, ensuring a high-quality, audio-visual immersive experience while also keeping customers comfortable.

AMC also offers concessions that feature snacks like candy, popcorn, and soft drinks. In addition to its concessions AMC also offers souvenir cups and popcorn buckets. AMC theaters also sell movie themed merchandise like toys and apparel.



Reliability



AMC has always been consistent with its showtimes while also providing a large selection of films. AMC is also a model of reliability because of its premium services that allow customers to reserve seating. The company also has a history of refunding customers who have had inadequate movie experience and prides itself on customer satisfaction.

Responsiveness

AMC's website and app allow for easy access to customer service. It allows customers to pick their movie, purchase tickets, choose a seat, and order food and drinks. This leads to an almost immediate response time for a customer wanting to see a movie. If a customer chooses to purchase tickets once they get to the theater, there are self-service kiosks as well as employees selling the tickets. By having all of these different options to get tickets and concessions, AMC has cut down response times.

Empathy

While AMC's customer service is seen as satisfactory, some customers have cited long wait times and frustration with not allowing customers to bring in their own snacks. AMC and movie theaters in general make most of its sales from concessions, requiring them to not allow outside food.⁸² However, some customers have reported generally positive requests from employees to not bring in outside food.

Assurance

AMC provides strong assurance for its customers by creating a safe and comfortable moviegoing experience. AMC's well-trained staff, modern amenities, and premium offers all contribute to the feelings of trust and reliability of its customers' experience. To simplify the process for its customers, AMC provides easy-to-use digital platforms such as its mobile app for ticketing and loyalty program purposes. AMC has a strong and consistent brand reputation that reassures customers that they are getting a high-quality experience each time they go to an AMC theater.

While AMC has luxury seating, premium audio-visuals, reserved seating, well-trained employees, and quick response time it also struggles to accommodate outside snacks and is

1. ⁸² <https://www.forbes.com/sites/kevinkruse/2013/02/14/employee-engagement-kenexa-amc/>

perceived as having a lack of empathy which has recently contributed to it being overshadowed by the streaming service industry.

Prognostic Product Analysis

Based on our framework analysis, we concluded that to differentiate ourselves from our competitors, we recommend offering new products. Our new vision for AMC theaters is the “More than a Movie” experience. This service provides customers access to engage with our organization through other media beyond just movies.



Release Netflix Nights at AMC

We recommend that AMC partner with Netflix to create “Netflix Nights” where they show new episodes or popular shows on Netflix. Specifically, AMC should focus on featuring TV shows, like the upcoming Stranger Things season. We recommend that AMC offers to show each episode of the new seasons weekly and give the events catchy names. For Stranger Things it will be called “Hawkins Hangout Nights,” which is a subtle nod to Hawkins, Indiana where the show takes place.

AMC can even partner with Netflix to show the new episodes a day early since historically new episodes are released weekly. Because fans have had to wait over two years for season five of Stranger Things and were left on a cliff hanger from season four, they are eager for answers and would pay more to be able to see the new season early. If AMC can partner with Netflix to get exclusive early access, both companies can reap the benefits with AMC drawing in fans who want to see the new seasons of popular Netflix shows and Netflix will receive a share of the profits. This would also incentivize customers to come into AMC theaters for early access rather than having to wait longer to watch the show from home.

Diehard fans will also enjoy watching the new episodes in theaters rather than their homes because they can dress up and bond with other fans and purchase series themed popcorn buckets to take home as a souvenir. For the Stranger Things release, fans can indulge in

themed snacks like “Upside Down Popcorn Mix” where they can add in red licorice, chocolate pretzels, mini marshmallows, and black candy chocolates into their popcorn all serving as a nod to the eerie theme of the show. Drinks can even be served with dry ice to add a mysterious and ominous effect. This provides customers with a fun fan experience that they are not going to want to miss and that they definitely cannot recreate at home.

AMC should also offer a discounted bundle for customers who purchase tickets for all the episodes of the TV show in advance. This will attract customers who might not have Netflix subscriptions but want to see a specific series or customers who don’t typically enjoy movies. Implementing this new service will help AMC differentiate itself from its competitors and attract different audiences. This new service will specifically target Gen Z. ⁸³Gen Z watches 3 times the number of streaming services as they do live TV. The goal is to get Gen Z to come to AMC to watch new shows.



Implement AMC Football Frenzy

We also suggest that AMC show live streaming of NFL and college football games. These showings would be called, “AMC Football Frenzy.” By creating partnerships with organizations like the NFL, College GameDay, and Amazon Prime, AMC can show these games in theaters to beloved football fans. Amazon Prime is the only medium that is allowed to broadcast the “Thursday Night Football” game for the NFL.

By creating a partnership with Amazon Prime for the “Thursday Night Football” game, AMC can attract fans who want to watch each week’s specific game but don’t want to purchase Amazon Prime. Customers would be able to purchase seasonal passes that would give them access to every game shown in AMC theaters or they could purchase tickets to each individual game showing.

⁸³ <https://www.thecurrent.com/gen-z-viewers-watch-3-times-streaming-content-live-television-ctv>

Not only can AMC just show the football games, but it can create “Game Day” experiences as part of the “AMC Football Frenzy” where football lovers can come to the theater lounge in comfy chairs, come decked out in their team gear, watch the game, bond with other fans, and enjoy AMC dining that will feature finger foods like wings, meatballs, chips, and of course beer. These experiences also give individual AMC theaters the opportunity to sell team merchandise relevant to their region in its theaters and even create team-themed concession items or popcorn buckets.



Launch Stage to Screen Event

Theaters across the U.S. have recently seen success with the Taylor Swift Eras Tour Movie Experiences. We propose that AMC apply this idea to other concerts and partner with famous singers to get exclusive theater access to concerts that are turned into movies before they hit streaming services. These concerts will each be part of AMC’s “Stage to Screen” experience and give fans the chance to gather in AMC theaters wearing their fan-themed merch to sing their hearts out and dance along.

One of the first concerts to be part of “Stage to Screen” should be Post Malone's upcoming tour. His concert series could be called “Post Malone: The BIG SCREEN Tour” as a nod to his upcoming tour named “Post Malone: The BIG ASS Stadium Tour.”

For Post Malone’s specialty dining options, AMC can offer a specialty spread of alcoholic drinks each named after Posty’s signature hits like, “Circles,” “Sunflower,” “Losers,” and “Pour Me A Drink.” For non-alcohol drinkers, AMC will feature specialty souvenir soft drink cups that are covered in tattoo designs. AMC can even sell temporary tattoos for fans to trade with each other just like Taylor Swift fans traded friendship bracelets during the Era’s Tour Movie Experience. These “Stage to Screen” events will bring in customers who are unable to attend real-life concerts due to price or location but still want the concert experience.

These “More than a Movie” experiences will increase AMC’s market share as it taps into new target audiences, drawing them in with events that they’re passionate about. This is prevalent in the “AMC Football Frenzy” experience because this event attracts men ages 18-

60 to AMC theaters where they previously wouldn't have been interested because they didn't want to see a movie.

More than a Movie Merchandise

As part of AMC's "More than a Movie" vision, we recommend expanding the merchandise line with premium, theater-specific comfort items that enhance the moviegoing experience while creating additional revenue streams. The flagship items would be AMC-branded luxury blankets and sweatshirts designed to complement the theater experience while serving as take-home memorabilia. These items would feature high-quality materials and sophisticated designs incorporating AMC's branding, movie-themed elements, and exclusive artwork from major film releases.

The blankets would be particularly appealing for customers using AMC's luxury recliners, while also serving as a collectible item for home use. The sweatshirts would be designed with both comfort and style in mind, featuring limited-edition designs that align with major movie releases or AMC's premium brand identity.

Both products would be packaged in reusable, eco-friendly containers that align with AMC's sustainability initiatives and would be integrated into the AMC Stubs rewards program to drive loyalty. This merchandising strategy not only creates new revenue opportunities but also transforms the theater visit into a more immersive, comfortable experience while allowing customers to take a piece of the AMC experience home with them.

Implementing Key Initiatives

To successfully implement the new merchandise strategy within AMC's "More than a Movie" vision, several key initiatives are essential.

First, AMC must establish strategic partnerships with high-quality manufacturers to ensure premium product standards for the blankets and sweatshirts, maintaining consistency with AMC's luxury positioning.

Second, the company needs to develop a robust inventory management system to track merchandise across all theater locations, ensuring optimal stock levels during major movie releases and peak seasons.

Third, AMC should create an integrated marketing campaign that promotes these items through both in-theater displays and digital channels, particularly leveraging the AMC Stubs program to offer exclusive member previews and rewards for merchandise purchases.

Fourth, implementing a dedicated e-commerce platform within AMC's existing website and mobile app would allow customers to purchase merchandise before or after their theater visit.

Fifth, developing a seasonal release calendar that aligns merchandise drops with highly anticipated film releases would create urgency and collectability.

Finally, establishing a clear visual merchandising strategy for in-theater retail spaces would maximize visibility and drive impulse purchases while maintaining the premium theater atmosphere.

Dining

To improve AMC's dining experience and offerings, we recommend expanding its investment in producing its own candy and themed popcorn buckets. Producing its own "Cinema Sweets" allows AMC to lower prices for customers while boosting profit margins by eliminating its reliance on third-party suppliers. AMC already offers a few different custom snacks, but we believe it can build on this success by expanding its candy selection and introducing new flavor and packaging options.



We recommend selling its very own flavored frozen lemonades called "AMC Limelight Lemonades" and "AMC Blockbuster Bars" that would introduce candy bars to the product line. AMC should also implement "Directors-Cut Dishes" to its dining services that includes options like pretzels, nachos, frozen yogurt, and gelato.

AMC can also offer unique drink offerings by serving cocktails named after the movies. It can even spice up its soft drink options with "Starstruck Sodas" by providing different creams and flavorings so customers can customize their drinks or choose from already crafted beverages inspired by the newly released movies.

AMC could even offer exclusive limited-edition treats that are connected to new movie releases. *Wicked* could have a sprite-based drink with green apple flavoring and dry ice to add to the movie magic. By doing this, AMC creates a personalized cinematic experience that provides a unique draw for moviegoers. While AMC has already tested and tried themed popcorn buckets, we see this as a great opportunity to enhance the "More than a Movie" experience. For example, with the new movie *Wicked* coming out this year, AMC could release pink and green popcorn



buckets that fall in line with the movie's theme. Themed popcorn buckets will only add to the excitement of seeing a new film. AMC has the opportunity to create a deeper connection with movies for its customers.

The popcorn buckets are not only functional for concessions but can create memorable experiences for moviegoers and fans. Not only will the popcorn buckets be tied to new movies, but we also recommend offering them along with our new “Hawkins Hangout Nights,” “AMC Football Frenzy,” and “Stage to Screen” events. Our partnerships will allow us to provide these unique event experiences to our customers and offering themed popcorn buckets will only add to the excitement.

Together, producing exclusive candy and themed popcorn buckets can create a unique offering that differentiates AMC from other competitors in this industry. This implementation would help expand the product line by providing customers with a wider variety of options.

Marketing Mix Modifications:

These initiatives support the items laid out in AMC’s plan of action through (1) product, (2) promotion, (3) price, and (4) place.

Product: It will expand its product line and improve existing products through these recommendations.

Promotion: It will also improve the promotion of these experiences with its partnerships with other major companies like the NFL, Netflix, and Amazon Prime.

Price: These recommendations also address price and offer customers pricing options by offering them alternative concert and game day experiences when they’re unable to attend those events in person due to much higher prices.

Place: By offering experiences that act as substitutes for live events, AMC will become the new place for such events by acting as a host for events like a Super Bowl party when customers can’t attend the Super Bowl themselves.

Key Product Recommendations

We have several product recommendations to help AMC differentiate itself from the competition.

1. AMC should collaborate with organizations like Netflix, the NFL, and celebrities to bring experiences to AMC’s theaters that will attract new target audiences that AMC has been unable to reach before.

2. AMC should also expand its product line to include premium products like blankets and sweatshirts since customers are often cold in theaters. This merchandise can also be themed to pair nicely with the AMC collaborative experiences like “Hawkins Hangout Nights,” “AMC Football Frenzy,” and “Stage to Screen” events.
3. It should also expand its concession items including its AMC-produced candy. This expansion will include flavored frozen lemonades, gelato, and themed popcorn buckets, as well as other specialty items that will connect to specific movies being played and the collaborative experiences it will offer.

These initiatives will broaden the AMC audience, increase revenue, differentiate itself from competitors, and give customers more options to reinforce the “More than a Movie” vision.