Shocked and impressed at the response to my Movie Challenge would certainly be understatements.

875 responses, plus hundreds of emails from people who were unable to post to the blog (sorry!)

Im am still going through them but wanted to offer some feedback to those who did, and those who may still want to respond.

First, there has not been a "why the heck didnt i think of that" response. I havent found one that makes me say "Hell Yes, thats the answer". There were many good ideas, but most of those were beneficial on the margin. Meaning if implemented, they might generate a few more ticket sales, but they would not change the economics of the industry.

Now some of you may not agree, but to help understand my perspective better, I thought I would offer the following .

1. Discounting in any of multiple incarnations wont do the trick.

True, price is always an issue, but the true aggregate costs of getting the sitter, gas, ticket, popcorn, parking, etc arent impacted enough with ticket and/or concession discounts to make people say they want to go see a movie they otherwise didnt want to see.

This has been shown time and time again as matinees, coupon books, frequent buyer programs, and multiple ticket package coupon books are important, but not primary drivers of getting people out of the house. These are what I call blocking and tackling promotions. EVERY theater has to do them and do them well, and most do.

2. Its expensive to get people to go to websites and not easy to get video distributed virally.

An obvious response that I expected was to promote films in any number of ways on websites, and to upload trailers and even enable users to upload user created trailers to video hosting sites as a way to drive excitement about a movie.

Again, basic blocking and tackling. But the missing link is that in order to get MILLIONS of people converted from going to a site to going to see the movie, which of course was the initial goal, it would take TENS of MILLIONS of people going to the site and watching and spreading the video and then hoping for a conversion rate that pays for the cost of all of this. I

None of this is cheap. In fact, its every expensive and more than money, its very difficult. There are few if any movies that dont put up websites, load some video on sites, do myspace pages, etc, etc.

3. #2 above, is closely related to a response I got quite a bit of which is "influence the influencers". ITI (like that abbrev..) can be approached in two ways.

First is the "Get it to the cool kids" and watch everyone else want to do it. Second is to reward those people who can actually get people to buy tickets.

The first is done all the time with street teams in high schools and colleges and can bring incremental business, but not 5mm people.

The 2nd actually has been done before, but isnt done often enough, including by our film companies <u>HDNetFILMS</u>, <u>Magnolia Pictures</u> and

2929ent. The perfect examples are religious, political and social

groups who drove viewers to Passion of the Christ, An Inconvenient Truth and other movies that entertain or try to educate with a message that supporters of that message go out of their way to support.

Its interesting to me how supporters of the various messages feel they are having their message reinforced with boxoffice success of the movie they are promoting. That desire to do well at the box office as a message itself, often leads to a lot of hard work by the groups organizers and followers to get people to the theater. In fact, the grassroots efforts of these groups can actually bring millions of viewers to a movie. The problem is that this doesnt apply to every movie. Only a select few. Its an approach we will use with a new Mag Pictures movie we have coming out called Jesus Camp,

but wouldnt apply to 90pct of what we do.

3. The most overwhelming and telling response has been the distaste for the theatrical experience.

There is a long list of problems that negatively impacts the theatrical experience and keeps people from going to the movies. From people talking to lines to restrooms and more.

All of which leads me to believe that the theater business has a lot of image building work to do. In a meeting I had with senior folks at the MPAA, I suggested that the theater industry spend money on improving our image rather than fighting the "war" on piracy. (A stupid war, thats not really a war and is a waste of money). That ever nickel spent trying to stop a 13 year old or his grandmother from downloading a movie, or spent trying to lobby our government into spending millions upon millions trying to stop pirated DVD sales in China could be spent promoting the

positives of the movie theater going experience. (And hopefully our government can spend the millions and millions over here on our shores doing something that helps our citizens instead of acting as new business development departments for movie companies who dont need their help. Movie studios have lasted this I ong without any real business from china and similar countries, they will be just fine without government help for years to come. Sorry for the political rant)

The complaints about the experience did reinforce what we are doing with our Landmark Theater chain. Its a place to see a movie that people talk

about rather than people in the audience talk to. That movie chains have to start realizing that one size does not fit all. That having Saw 2 next to Good Night & Good Luck might piss of both audiences. That having everyone and everyone going to see Pirates might piss off the older demo that doesnt want kids texting while watching, or yelling at the screen. Bottom line is that I have always felt that

movie theaters need to be a brand , and they need to focus on serving a more limited demo than 1 size fits all

In fact, we are currently working on 2 theater projects. One is a theater just for kids under the age of 10. Just showing kids movies, with tons of amenities for parents and kids, along with retail geared towards kids. No parent will be able to get out of the theater alive if they dont buy the Curious George goodies we sell when we show a Curious George movie. And of course we will be able to make our own movies to show, and with our policy of day n date releases, we will be selling the DVD of the movie as well.

The 2nd is what I call Rock N Roll Theater (ok Im showing my age), but bottom line it will be a theater geared towards 16 to 25 year old demo where the motto will be

"If you expect silence during this movie. leave now. "

Again, lots of retail. Lots of security. Lots of kids who can see what they want to see , txt who they want to txt, yell what they want to yell. In fact, part of the thought process has been for the movies we make and show, to post portions of the script of the movie so kids can learn lines from the movie BEFORE they come, or hopefully make them read it after they saw it the first time and come back , creating our own rocky horror show like environment

The responses to the challenge, reinforced that this could be a good idea!

4. The other response was along the ideas of what i call "personal tagging or networking". In other words, i have something Im going to give you, and you in turn can use it and pass it on and we shall cherish our communal experience. We can write about it. Talk about it. Meet about it in any digital or real location. Call it theatrical marketing

I love the idea. The problem is that its a downstream idea. It works in response to something that is working well. You need to get the right demographic in the sufficient number in order to build a base strong enough for it to matter. Just as bands and their fans acted as the foundation for myspace, there has to be a means to aggregate a critical mass of the people who will exchange or pass forward tickets and who feel rewarded in doing so.

I dont think I have all the elements in place to make this work yet, but it will certainly be considered.

So in a nutshell. No eureka moment ... yet. But i love the responses. Certainly quite a few ideas that reinforce the things we are doing at our companies. Certainly some food for thought for things to do in the future.

Im not done going through everything yet, so maybe I missed your brilliance, but I promise, if its there, I will read it and when I find it, the job is yours!

Keep the ideas and discussion flowing !