**Marketing Plan**

**Mission Statement:**

The mission of MovieLounge is to revolutionize the theater entertainment industry and bring the true theater experience to the people.

**Objectives:**

* Recognize $176,960 of gross income in Year 1. Grow business to $363,920 in Year 4. Grow advertising revenues from $2,000 in Year 1 to $14,000 in Year 4.
* MovieLounge recognized as the premier theater experience for low and middle class households.
* Create a high-class experience for the customer while creating an inviting environment for advertisers.

**SWOT Analysis:**

**Strengths**

* Product trial marketing has been shown to be more effective[[1]](#footnote-2)
* Provides a needed service for advertisers
* Caters to large income base

**Weaknesses**

* Lack of experience in theater management
* Lack of financing
* Lack of industry contacts
* Lack of influence in market price of film or advertising
* No established advertiser base

**Opportunities**

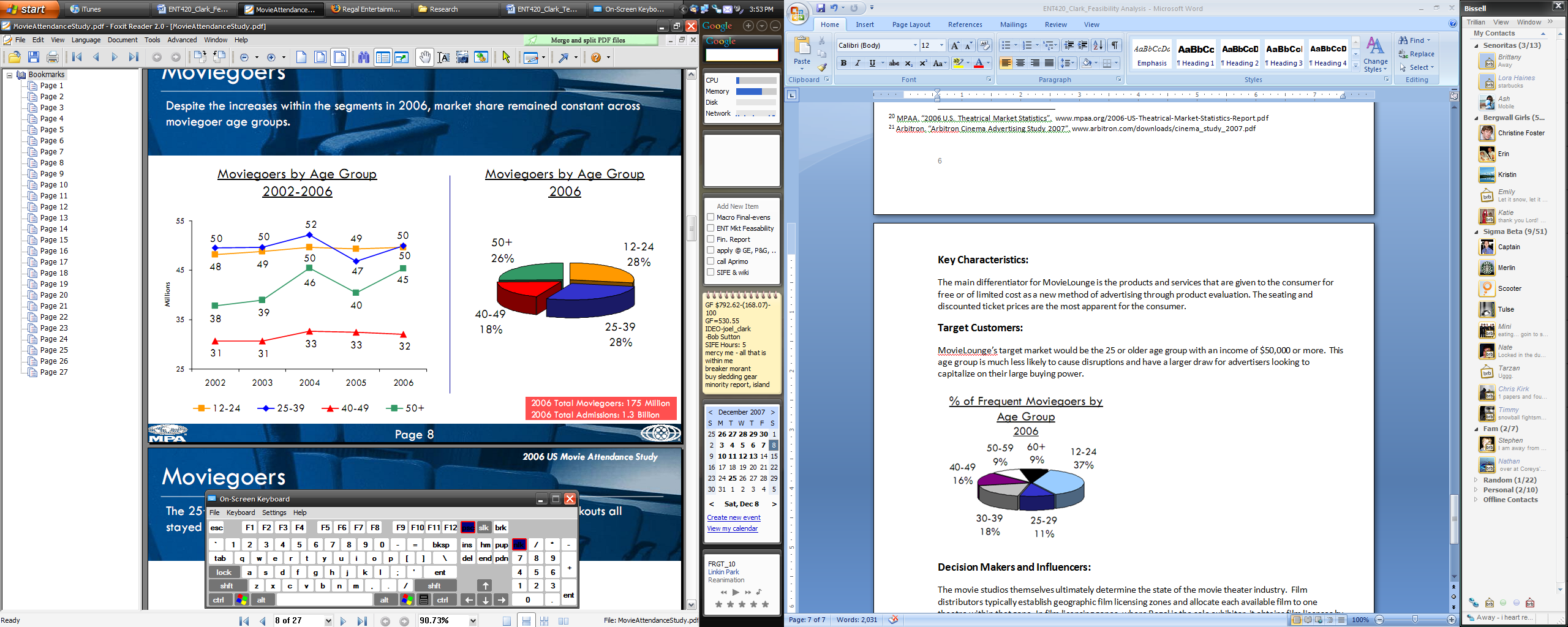
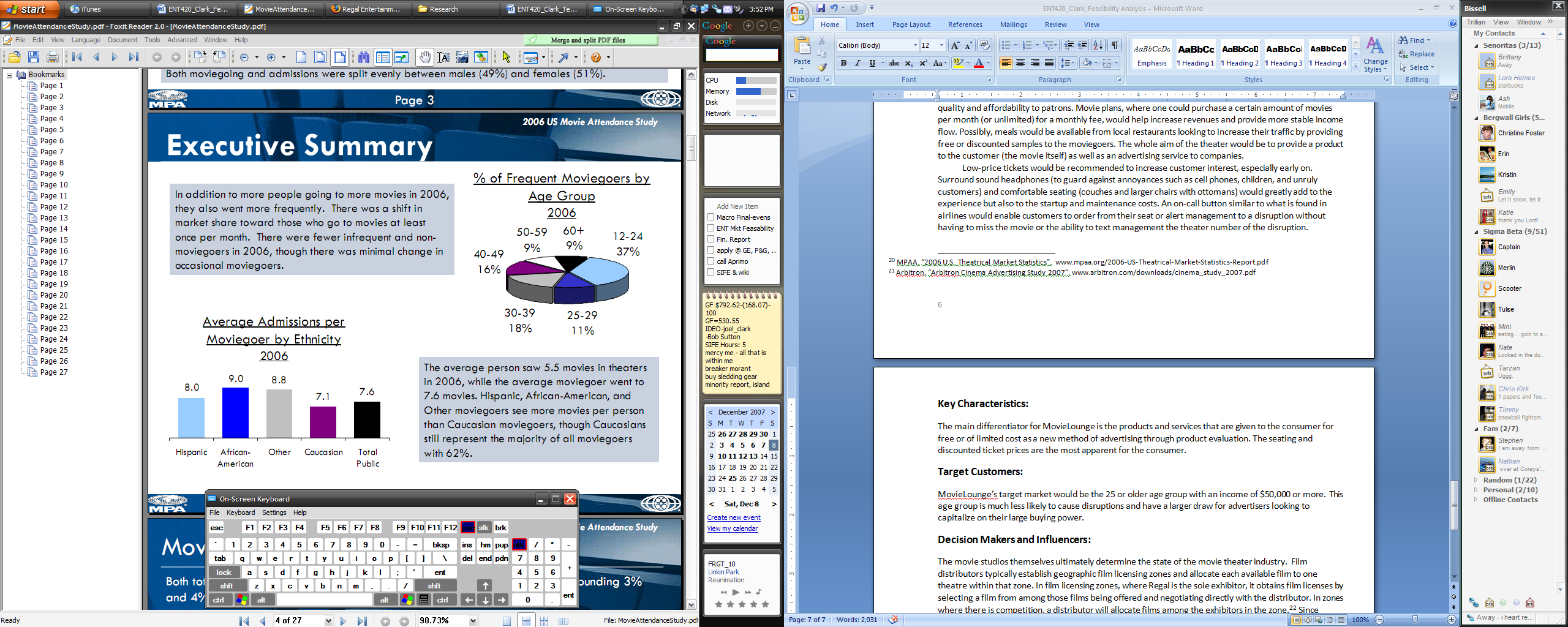
* Customer dissatisfaction with current movie theater experience
* High ticket prices
* High concessions prices
* Increasing number of moviegoers
* Increasing frequency of movie-going
* 25+ moviegoers attendance and frequency up (72%, 63%)[[2]](#footnote-3)

**Threats**

* Economic slowdown
* Highly competitive environment
* Attendance tied to quality of entertainment, reliance on producers

**Target Market Description:**

MovieLounge’s target market would be the 25 or older age group with an income of $50,000 or more. This age group has a larger draw for advertisers looking to capitalize on their large buying power. This increasing segment of moviegoers is not only a larger audience (72% of total moviegoers) than the 12-24 age group (28%), but also has a larger base of frequent moviegoers (63%).[[3]](#footnote-4)



MovieLounge’s unique offering caters to those who want the comfort of their own home for less than the price of high ticket (43% of adults 18-24) and concession prices (42% of adults 18-24), and having the only distraction during the movie to be their own doing (31% of adults 18-24).[[4]](#footnote-5) MovieLounge will be catering to the 31% of older patrons that have a strong desire to have no distractions during a film, especially when the cost is rising to $10. [[5]](#footnote-6) Many patrons remark how management seems to neglect their want for a quiet and enjoyable movie because they are catering to the 13-17 year old crowd who presently frequent movies more often, which has in turn driven this large market away from the theater. MovieLounge eliminates this responsibility from management while giving the customer complete control over their experience. The added comfort of couches and chairs would compete if not exceed the comfort of their own home. This market also has the buying power to attract advertisers that want to gain this powerful market.

**Product:**

The “MovieLounge” concept has several rooms that seat between 6 and 10 patrons with couches and recliners in a stadium seating arrangement. The rooms would be equipped with High-definition TVs and surround sound systems as well as a variety of other technologies (Xbox 360, PS3, Wii, DVD player, BlueRay player, HD cable, Pay-per-view) chosen by the patrons. The rooms would be rented on a per-hour basis with a possible deposit for each additional technology. There would also be a RedBox vending machine ($1 per day DVD rental) at each location for patrons to choose movies to watch.[[6]](#footnote-7)

Advertising for the companies whose technology was on display would also be a source of revenue. Ideally, deals would also be worked out with the major studios to be able to showcase new releases at a separate cost to the customers. This would shift the pricing pressure off of the theater and onto the movie distributors as well as giving patrons the ability to bypass the distributors altogether. The theater itself would be created entirely out of sponsor’s products to create a use-before-you-buy experience for the customer while building brand equity and stimulating sales of a given product. Upon entering the theater, customers would receive a booklet containing every sponsored item in use in the theater and gives them information on where to purchase the item or an online shop where every item can be viewed and purchased. By giving the customer the opportunity to use your product as well as provide them a unique and affordable experience, interest in the product can grow and has been shown in studies to increase sales.[[7]](#footnote-8) Childcare services could come in and provide free or discounted services to families to show service quality and affordability to patrons. Possibly, meals would be available from local restaurants looking to increase their traffic by providing free or discounted samples to the moviegoers.

**Price:**

The average price for a movie ticket in the U.S. is currently $6.55, which is a 2.2% increase over 2005’s average ticket price.[[8]](#footnote-9) With the MovieLounge concept, the cost to rent a theater with seating for 6-10 patrons is $15 per hour. For a family of four renting the theater to watch a standard 2-hour film, the cost would be $30 compared to $26.52 for the average theater. MovieLounge would be competing with $8-$10 per ticket theaters, which would give the family of four savings of $8 for a $9.50 ticket. Advertising revenue from ads placed in the theater would help to bring the $15 per hour cost down over time to increase how frequently customers want to go to the theater. With higher advertising demand, the per-hour price could be even lower with an end goal of $10 per hour rental. There could also be a discount that allows patrons to purchase 2 hours for a lower price that would encourage patrons to purchase larger blocks of time. Advertising fees would depend on the size of the advertisement, lighting requirements, and any audio that might accompany the advertisement.

**Promotion:**

Marketing for MovieLounge would be through local TV, newspaper, and through the partnerships with advertisers. The main marketing push to begin with would be to emphasize word-of-mouth by creating an experience that will get people talking. Advertising partners could point their customers to MovieLounge to try out their product. Pamphlets containing the entire product catalog currently being advertised at MovieLounge would be handed out as patrons entered so they can purchase directly from the advertiser or through MovieLounge itself.

**Distribution:**

The main channels for buying tickets have been through either a physical ticketing booth in the lobby or online ticketing. Ticketing booths and online ticketing will be a part of the MovieLounge concept as well. Also, drive-up ticketing (a practice that has been proven successful in the Megaplex Theaters chain) will allow customers to purchase tickets 24/7 through an ATM-style dispenser that can take credit cards.[[9]](#footnote-10) Online ticketing, if done through Fandango or Movietickets.com, one must choose one or the other and risk not being listed if your customers frequent the other site. Much like the battle between VHS & Betamax, chains are backing one site with Movietickets.com listing AMC, Krikorian, Pacific, Mann, Landmark, and Ravemotion and Fandango listing Regal (Edwards, United Artists), Century, Captain Blood’s, and Laemmele.[[10]](#footnote-11)

­­Ticketing Booths: The advantage of a ticket booth is simply the ability to better the customer experience through a warm greeting. The disadvantages are the inefficiency in speed over ATM-style ticket dispensers or online ticketing and the cost of having to staff the booth.

Online Ticketing: The advantages of online ticketing is the 24/7 availability of the website, customers not having to wait in line, and the relative ease of ordering online. The disadvantage of online ticketing is the high initial cost of having to set up and run a website (if not outsourced), lack of personal interaction, and the difficulty to check if a ticket is indeed genuine if using printable tickets. Also, Fandango and Movietickets.com charge a service charge per ticket with Fandango charging $.075 to $1.50 per ticket and Movietickets.com charging $1 per ticket.[[11]](#footnote-12)[[12]](#footnote-13) MovieLounge will have to find a way to customize this approach since it will be selling time instead of a ticket to a movie. Most likely, MovieLounge would need to create a customized website to accommodate its needs to allow patrons to purchase time slots for a theater much like a reservation of a hotel room.

Drive Thru Kiosks: The advantages of ATM-style ticketing are the lack of a need to have staff, 24/7 availability to customers, and ease of use. The disadvantages to ATM-style ticketing are that customers will have to go to the theater to get the ticket, inability to use cash, and the lack of personal interaction.[[13]](#footnote-14)

The online and booth channels would be targeted the most so that MovieLounge could distribute its advertised product lineup either through an online catalog that can facilitate purchases or through a physical brochure handed out with each ticket purchased at the booth. An online ticketing system would be preferred to lower the costs of staffing and printing the brochures (as well as the cost of keeping the brochures up-to-date with the merchandise being advertised that week). An online ticketing system would require server space, software to run it, and a staff to keep the site up-to-date which could prove costly to start. A vendor-run site would be less costly in the short run but would lack the flexibility and customization of a MovieLounge-run site.

With an online ticketing system, either MovieLounge or an outside vendor such as Fandango or MovieTickets.com can host the system itself. A site run by MovieLounge would allow customization to the specific needs or wants of management. A self-hosted site would allow MovieLounge to display the advertised products that one could expect to see in the theater and allow patrons to order the goods online after experiencing them in the theater after the show as well as allow MovieLounge to offer incentives and packages as promotions to consumers online. However, if MovieLounge opts to use an online ticketing vendor, it could reduce its costs of operating the site at the expense of not being able to have it customized to its needs.

**Unique Selling Proposition:**

Child care services could come in and provide free or discounted services to families to show service quality and affordability to patrons. Movie plans, where one could purchase a certain amount of movies per month (or unlimited) for a monthly fee, would help increase revenues and provide more stable income flow. Possibly, meals would be available from local restaurants looking to increase their traffic by providing free or discounted samples to the moviegoers. The whole aim of the theater would be to provide a product to the customer, as well as an advertising service to companies. Low-price tickets would be recommended to increase customer interest, especially early on. Comfortable seating (couches and larger chairs with ottomans) would greatly add to the experience but also to the startup and maintenance costs.

**Sales Forecast:**

In Year 1, the projected occupancy rate is 18% for a theater open 360 days a year, 12 hours a day, and with 15 theaters in operation. During this time, MovieLounge would be focusing on perfecting the product offering and increasing word-of-mouth advertising. This occupancy rate is projected to rise 6% each year, rising 50% over the 4-year period. Advertising is low throughout the first 3 years due to the lack of recognition in the market, but with advertising and the increase in attendance, these numbers should increase to augment the reliance on theater rentals.

**Implementation:**

The

1. Laczniak, Russell N. “The effects of brand choice on product trial evaluations.” http://www.thefreelibrary.com/The+effects+of+brand+choice+on+product+trial+evaluations-a0149213874 [↑](#footnote-ref-2)
2. MPAA. “Movie Attendance Study”. www.mpaa.org/MovieAttendanceStudy.pdf [↑](#footnote-ref-3)
3. MPAA. “Movie Attendance Study”. www.mpaa.org/MovieAttendanceStudy.pdf [↑](#footnote-ref-4)
4. Los Angeles Times. “Home Viewing: A Times/Bloomberg poll”. August 8, 2008. http://www.latimes.com/entertainment/news/la-080806-et-movies-g,1,2160594.graphic?coll=la-headlines-entnews [↑](#footnote-ref-5)
5. Los Angeles Times. “Home Viewing: A Times/Bloomberg poll”. August 8, 2008. http://www.latimes.com/entertainment/news/la-080806-et-movies-g,1,2160594.graphic?coll=la-headlines-entnews [↑](#footnote-ref-6)
6. Redbox. “The Big Picture”. www.redbox.com [↑](#footnote-ref-7)
7. Laczniak, Russell N. “The effects of brand choice on product trial evaluations.” http://www.thefreelibrary.com/The+effects+of+brand+choice+on+product+trial+evaluations-a0149213874 [↑](#footnote-ref-8)
8. MPAA. “2006 U.S. Theatrical Market Statistics”. www.mpaa.org/2006-US-Theatrical-Market-Statistics-Report.pdf [↑](#footnote-ref-9)
9. Megaplex. “Megaplex 20”. www.megaplextheatres.com/mp20.php [↑](#footnote-ref-10)
10. Haro Online. “Movietickets.com vs. Fandango”. www.haro-online.com/movies/wihm/3.html [↑](#footnote-ref-11)
11. Fandango. “Convenience charges”. fandango.custhelp.com [↑](#footnote-ref-12)
12. MovieTickets.com. “Service Charges”. http://www.movietickets.com/help\_faq.asp?language=0&color=default [↑](#footnote-ref-13)
13. Megaplex. “Megaplex 20”. www.megaplextheatres.com/mp20.php [↑](#footnote-ref-14)