ABOUT 950 of 1,300 theater locations in the U.S. will be satellite-capable this week. Above, Randy Blotky, CEO of the Digital Cinema Distribution Coalition, stands by a satellite dish atop the AMC Century City 15.

Cinemas are beaming

Cinemark and other chains look to boost sales with screenings of events such as concerts and sports via a cost-saving satellite network

by Richard Verrier

Tim Warner, chief executive of Cinemark Holdings Inc., admits that he'd never heard of the popular science fiction series "Dr. Who."

So the Montana native was skeptical when executives at BBC America approached him about the idea of screening a simulcast of the 50th anniversary episode of the cult-classic British TV series in Cinemark theaters across Latin America and the U.S.

In late November, hundreds of "Whovians" showed up at more than 700 theaters from Los Angeles to New York and Sao Paulo, Brazil, many dressed as their favorite characters, to watch screenings of the special "Doctor Who: The Day of the Doctor."

"To be honest, many of us had never heard of 'Dr. Who,' " recalled Warner, who runs the nation's third-largest theater chain. "They told us it was going to sell out. We said, 'Yeah, right.' Not only did it sell out, but people showed up in costumes."

Tickets sold so quickly that Cinemark and other chains showing the episode had to add theaters to keep up with demand. The event convinced Warner that what happened with "Dr. Who" was just the tip of the iceberg in terms of TV shows, sports programs and other types of so-called alternative entertainment that could help redefine the way Americans think about the multiplex.

Fred Medina, executive vice president of Latin America for BBC Worldwide, said the "Dr. Who" screenings demonstrated a new way to engage with fans of the show.

"It's about building a broader relationship with our audiences," Medina said.

Now Warner and his execu-
Cinemas eye satellite shows

[Cinemas, from D1] Activi

tives are talking to the BBC and other TV producers about showing TV shows, concerts and sporting events at cinemas, or re-broadcasting shows as part of a satellite network in America.

Although programmes will always be designed for television, theater executives such as Warner believe that they can create a growing business by showing something other than movies at the multiplex.

Currently, alternative content accounts for 30% or less of revenue for major circuits such as Cinemak. In three to five years, however, that figure will be 50% or more, Warner predicts.

"The technological barriers to doing this have really dissolved," he said. "I would describe this as transformative."

Theaters have been experimenting for several years with alternative programming, helping to fill empty theaters during slow midweek periods. They've enjoyed success with out-of-town screenings of the Metropolitan Opera, World Cup soccer games in 3-D, boxing matches and mixed martial arts bouts.

To date, however, technological hurdles limited the screenings to a few hundred theaters at a time, mainly to program specialty content.

That could change, thanks to a satellite television service launched in October by the Digital Cinema Distribution Coalition, a consortium of studio, theater and cable operators. Deluxe/Enix Star is the primary service provider.

The digital delivery of motion pictures has become the goal of studios and theaters, most of which have already installed digital projectors. But in most cases, first movies were delivered on heavy, bulky spools of actual film.

More recently, most movies have been delivered in digital hard drives and physically shipped to theaters across the country, a costly and time-consuming process.

The new system significantly reduces the price of shipping a film to theaters. Ten to 15 years ago, it cost about $2,500 to deliver a film print to a theater. By comparison, the cost to deliver a digital hard drive to move theaters, and significantly less - at least half the cost of ship ping hard drives around the country by truck and plane - to deliver content via satellite.

About 75% of the screens from the nation's top three theater chains are already equipped to show digital movies and other entertainment via the satellite network.

In all, about 950 of 1,300 theater locations in the U.S. are Cinemak, AMC, Regal, National Amusements and Southern Theaters - will be satellite capable. Said Warner and Randy Blotky, CEO of the Digital Cinema Distribution Coalition, that "Broadcast equipment technology also is rapidly expanding in Latin America."

"Exhibitors are going to be 100% sure that their imaginations as to what they can put on their screens now," said Blotky, noting that theaters could even be used to host massive multiplayer online video games in which consumers compete with gamers across the country in a live event.

With the expanding satellite network, theater executives will be able to expanding their movie booking options, such as television shows, concerts, or even interactive games. Theater operators will be able to offer a wider variety of entertainment options to their customers, making the movie theater experience more diverse and engaging.

Warner and Steve Bunnell, senior vice president of global content programming for Cinemak, recently met with executives at Fox, Sony, Disney and other studios to discuss the possibility of expanding satellite programming to include more movies, but also sports and TV shows in theaters.

Bunnell believes that the largest potential market is the "pre-pay-per-view" world in which, for a fee, customers could watch "American Idol" or an NCAA basketball championship online.

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"We're particularly interested in the idea of expanding our service to include concerts, theater performances, and sporting events," he said. "We believe that this could be a new revenue stream for theaters, especially in smaller towns where there may not be another option."

"But Warner contends that the new satellite entertainment networks, not compete with them, providing another platform to promote their shows and events.

"To me, it doesn't compete with TV or sports bars," Warner said. "It's just addi tional revenue stream."

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