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The Arbitron Cinema Advertising Study 2007

Making Brands Shine in the Dark

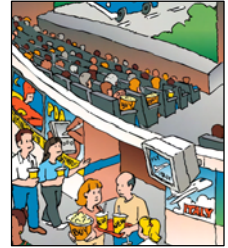
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Overview

Welcome to *The Arbitron Cinema Advertising Study 2007*—the follow-up to Arbitron’s 2003 study which examined the size, characteristics and behavior of movie theater audiences. In this new report, Arbitron will focus on the moviegoer’s relationship with cinema advertising and evaluate its ability to influence young and affluent consumers.



Connecting with young consumers. Advertisers are having an increasingly difficult time forming strong bonds with teens and young adults. Increased use of on-demand media, such as online broadcasting, DVDs and video games, are drawing focus away from established media and is forcing advertisers to widen the scope of their media plans. For several years, marketers have been asking, “Where have the young people gone?” As it turns out, they’re at the movies. Consider these stats:

- 81% of teens have been to the movies in the past 30 days.
- 59% saw three or more movies in the past 90 days.
- 67% of persons 18-24 have been to the movies in the past 30 days.
- 39% have been to the movies three or more times in the past 90 days.

Acceptance and engagement with cinema advertising. Consumers are showing increasing acceptance of movie theater advertising, especially among younger viewers and frequent moviegoers who now see on-screen commercials as part of the entertainment experience. In addition, moviegoers find cinema advertising to be more acceptable than other emerging advertising vehicles such as before features on DVDs, embedded in video games and on the Internet.

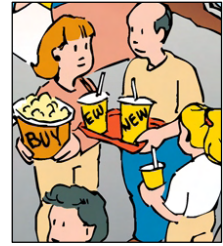
Cinema advertising delivers the “TiVo® Generation.” One of the major issues confronting advertisers today is that technology is empowering consumers to avoid advertising (e.g., DVRs, pop-up blockers), or to consume ad-free media channels (e.g., satellite radio, MP3 players.) Moviegoers are far more likely than average consumers to engage in these commercial avoidance media behaviors; conversely, while at the movies, they are a willing and attentive audience. Cinema advertising delivers the ad-avoiders.

How the Study Was Conducted

This study was designed to investigate how often consumers go to the movies, their recall of advertising opportunities, how moviegoers use other media and consumer attitudes toward cinema advertising. A national telephone survey was conducted with 1,010 randomly selected respondents age 12 and older between July 21 and August 7, 2006.

The State of Cinema Today¹

Movies are big business. In 2005, 549 new films were released in the U.S. market. The average ticket price was \$6.41, and total box office gross was \$8.99 billion. (Source: MPAA)



Cinema advertising is one of the fastest-growing categories in the U.S. advertising marketplace. Cinema ad spending is projected to double, from approximately \$480 million in 2004, to more than \$1 billion in 2008, according to forecasts from Veronis Suhler Stevenson. An estimated 79% of theaters in the U.S. can now offer commercials before the movie begins.

Moviegoing is an experience in which the consumer uses all five senses. For the advertiser, the movie theater is a compelling environment for using a mix of traditional and place-based ad forms to create a “brand experience” for that consumer. Ad message platforms at the movies include:

- commercials before the feature
- exposure to the preshow on the screen before the filmed entertainment
- the audio programming played in the auditorium
- signage in the lobby and by the concession stand
- advertising on the food and beverage packaging itself
- kiosks (most typically used for buying or printing tickets)
- video screens and more...

Today’s movie theaters are designed to provide a multisensory experience; from the moment consumers approach the lobby, advertising becomes part of that experience.

Moviegoing is also a shared experience, an occasion for social or family gathering; the average person goes to the movies with two other people.

While channels for film and video entertainment continue to diversify, advertising in movie theaters provides high impact opportunities to reach a large number of engaged consumers. Indeed, as other screens seem to get smaller and smaller, the movies seem to get bigger and bigger.

¹ This section provided by the Cinema Advertising Council.

Significant Highlights



Cinema advertising reaches over 113 million

Americans 12+ in a month. In the last month, 45% of Americans 12+ have gone to the movies at least once, translating to an estimated 113 million people. During the last three months, the figure rises to 59% of Americans 12+ (or 149 million consumers). Among

younger demographics, the reach is even higher; cinema advertising reaches 81% of Teens 12-17, and 67% of Persons 18-24, in a month.

In this report, we will define “moviegoers” as persons aged 12+ who have been to the movies at least once in the last month.

The average American sees two movies in the theater in a three-month period. Among Persons 12-24, the average is four movies in the theater in a three-month period.

Consumers in the elusive 12-24 demographic are the most likely to be frequent moviegoers. Fifty-nine percent of teens (12-17) saw three or more movies in the last three months and 1 in 4 teens (25%) saw five or more. Among Persons 18-24, 39% saw three or more movies in the last three months, and 25% saw five or more.

Frequent moviegoers are made up of a high concentration of teens and young adults. Among persons who have gone to the movies four or more times at the theater in the last three months, 23% are Teens 12-17; 35% are between the ages of 18 and 34.

Six in 10 moviegoers watched commercials before the movie started. In this study, we found that 59% of moviegoers reported watching commercials on their most recent trip to the movies.

Moviegoers are receptive to cinema advertising. Sixty-three percent of those who watched a movie in the theater in the last month “do not mind the advertisements they put on before the movie begins.” Teens are most tolerant of in-theater commercials; 74% of teens do not mind cinema advertising. The more movies consumers see, the less likely they are to mind the commercials.

Consumers are more receptive to cinema advertising than to other new and emerging media advertising platforms. Commercials played before a movie in a theater are more acceptable to consumers than advertising on the Internet, on DVDs or in video games.

Moviegoers are not easily reached by TV. Moviegoers tend to be light TV viewers and frequent users of commercial avoidance platforms and technologies.

The movie theater environment provides multiple touch points for reaching a young, active, influential consumer. Moviegoers recall exposure to video programming in the theater; to music in the lobby; to music in the theater; and to advertising on food and drink packaging. In addition, moviegoers use kiosks, play along with the on-screen trivia and consume products from the concession stand. This active multisensory engagement makes the movie theater a good setting for providing a “brand experience.”

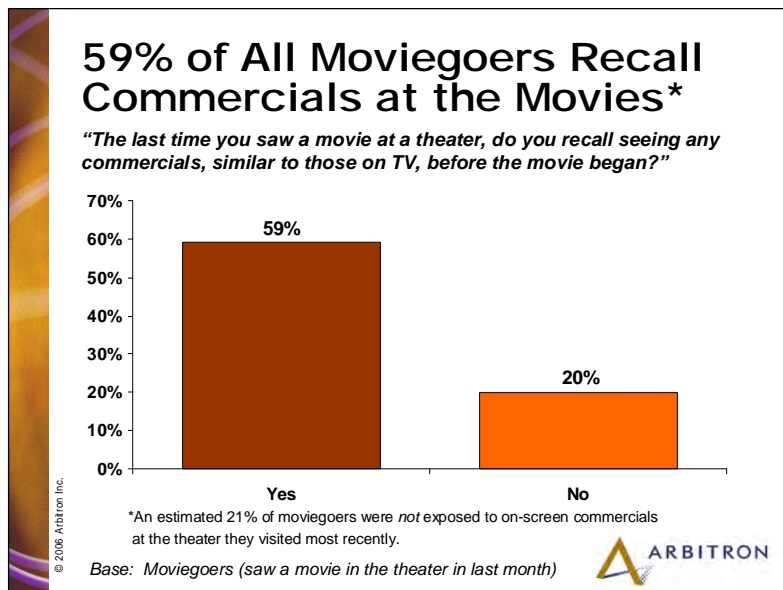


Key Findings

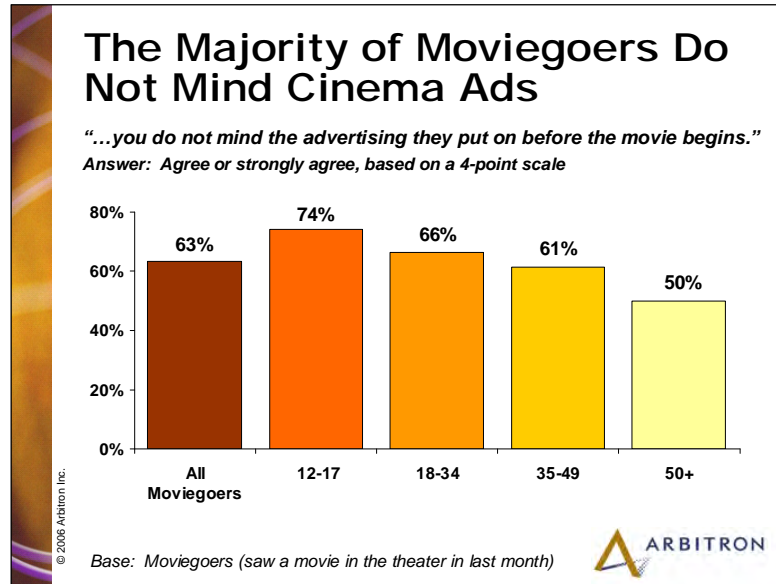
A. Awareness, Acceptance and Engagement with Cinema Advertising

An estimated 60 million Americans recall having watched on-screen commercials during their most recent trip to the movie theater. In this survey, we

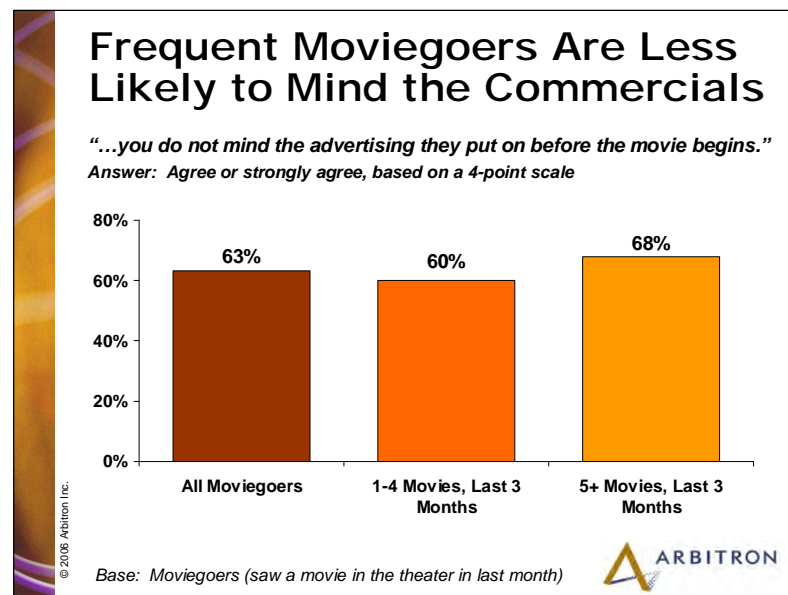
found that 59% of moviegoers recall having watched commercials in the theater before the movie began, on their most recent trip to the movies. That translates to an estimated 60 million Americans age 12 or older. This is a particularly impressive number, considering that only an estimated 79% of screens run commercials before movies start, according to the Cinema Advertising Council. Therefore, we would expect the ad recall rate to be significantly higher among only moviegoers who attended theaters airing commercials.



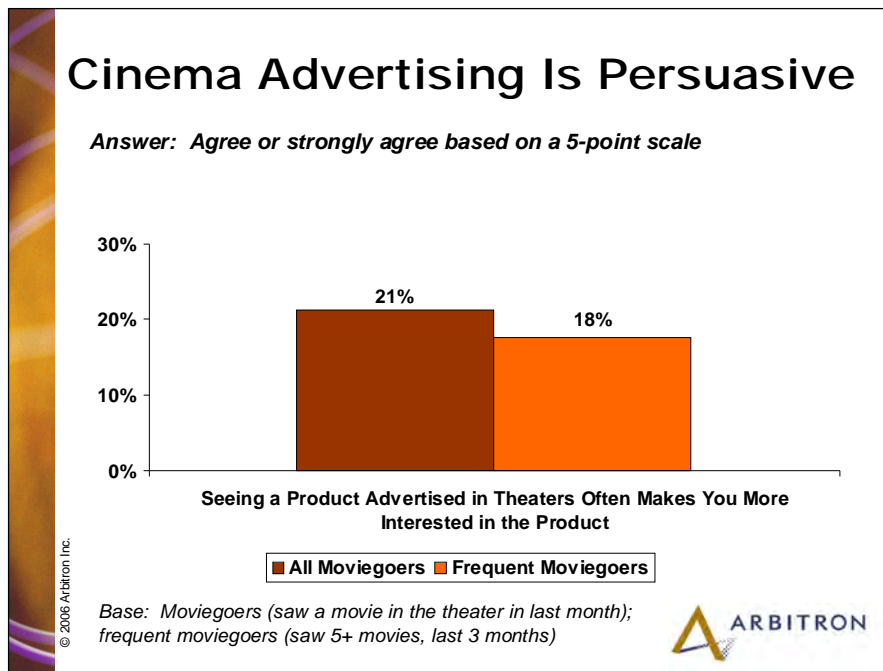
Sixty-three percent of Persons 12+ “do not mind the advertisements they put on before the movie begins.” Teens 12-17 are most tolerant of in-theater commercials, with 74% not minding the ads, followed closely by Persons 18-24 and Persons 25-34.



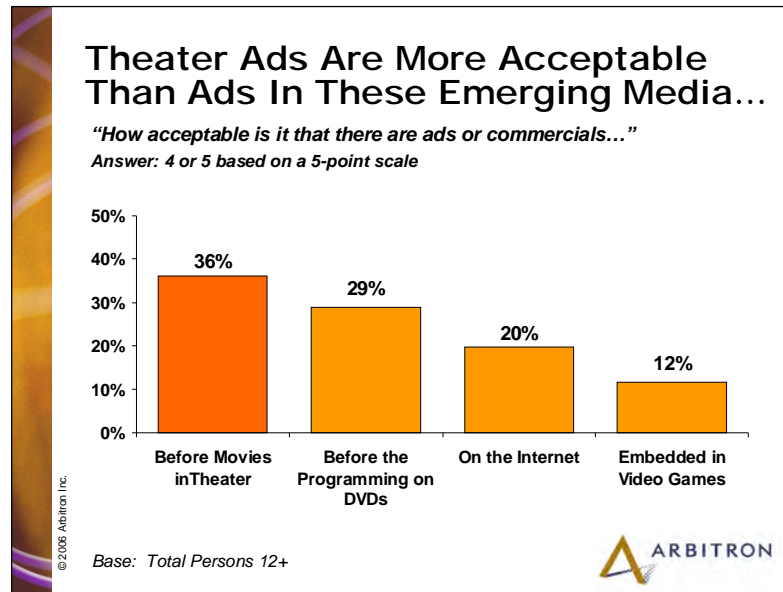
The more movies consumers see, the less likely they are to mind cinema ads. Frequent moviegoers are less likely to mind commercials than are light moviegoers. This suggests that a higher concentration of cinema impressions will be delivered to frequent moviegoers who account for the majority of theater visits.



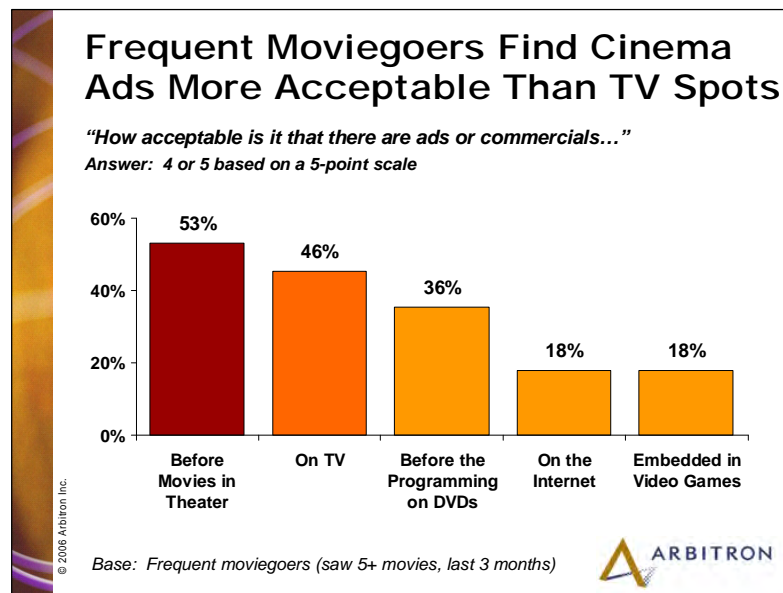
Cinema advertising is persuasive. A fifth of moviegoers (21%) say they are often more interested in a product after they see it featured on the movie theater screen.

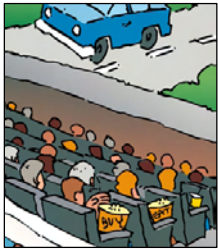


Consumers find that commercials played before a movie in a theater are more acceptable than advertising on the Internet, on DVDs or in video games. Among all consumers aged 12 or older, 36% find advertising at the theater before the movie to be acceptable. This compares to 29% for advertising at the beginning of DVDs, 20% for Internet advertising and 12% for video game advertising.



To frequent moviegoers, commercials before movies are more acceptable than commercials on TV. Over half (53%) of frequent moviegoers find advertising before the movie to be acceptable, as compared with only 46% who find TV advertising to be acceptable.



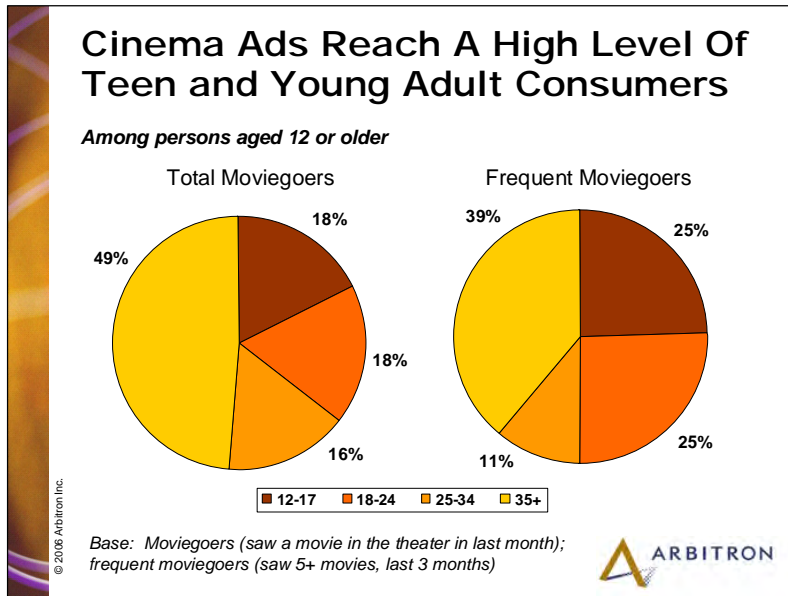


B. Cinema Advertising Delivers Hard-to-Reach Young Consumers

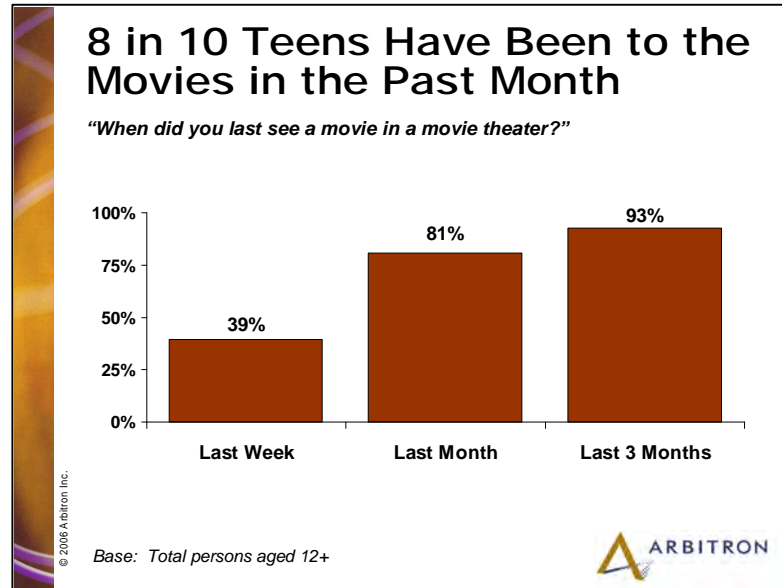
Cinema advertising delivers the youth audience. Advertisers are finding it increasingly difficult to reach young consumers, who have more media choices and exhibit significant commercial avoidance behavior.

Cinema advertising is an antidote for reaching young consumers. Among consumers aged 12 or older who have been to the movies within the last 30 days, 52% are under 35 years old. Eighteen percent are Teens, and 34% are aged 18-34.

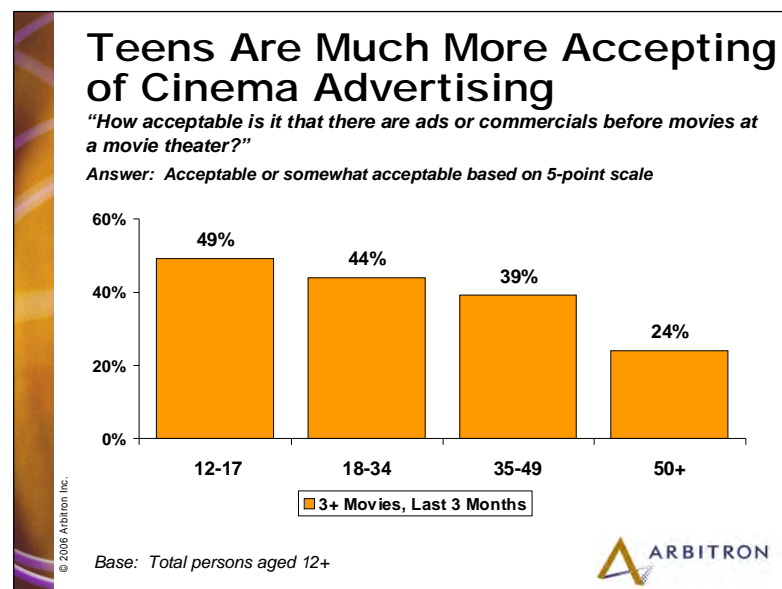
Among frequent moviegoers, the concentration among younger persons is even more pronounced: 61% are under the age of 35; 25% are Teens; and 36% are aged 18-34.



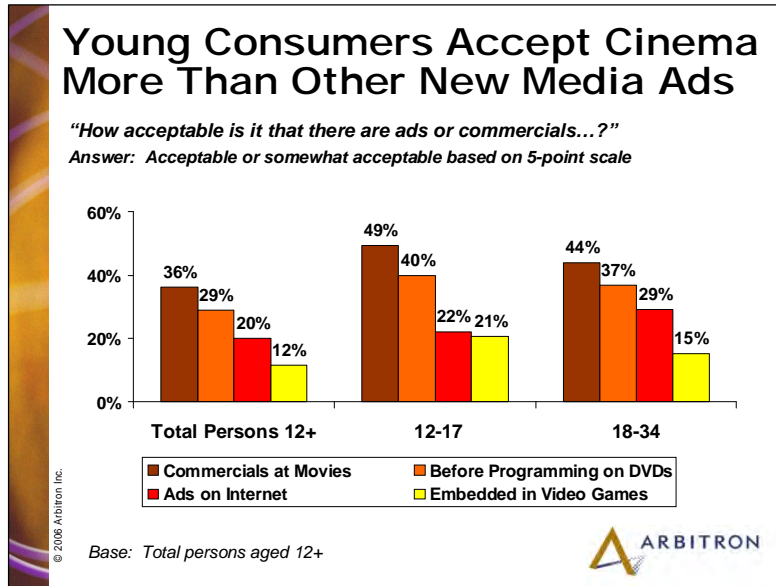
Eighty-one percent of teens have been to the movies in the last month. Thirty-nine percent of teens 12-17 report having been to the movies within the last week, and 81% in the past month. In advertising terms, this means cinema advertising has a potential to reach more than 4 out of 5 U.S. teens in a month.



Nearly half of persons aged 12-34 find cinema advertising to be acceptable. Forty-nine percent of Teens find commercials at the movies to be acceptable. Forty-four percent of Persons 18-34 find commercials at the movies to be acceptable. Acceptability of cinema advertising remains high among consumers 35-49 (39%) but drops off at age 50 and over (24%).



Persons aged 12-34 find cinema advertising more acceptable than advertising embedded in video games, before features on DVDs and on the Internet. Young persons are generally more open to advertising on nontraditional platforms. Even among these younger consumers, who have grown up with advertising from multiple channels, cinema advertising is more acceptable than advertising on the Internet, on DVDs and in video games. Each of these platforms is targeted to a younger audience.





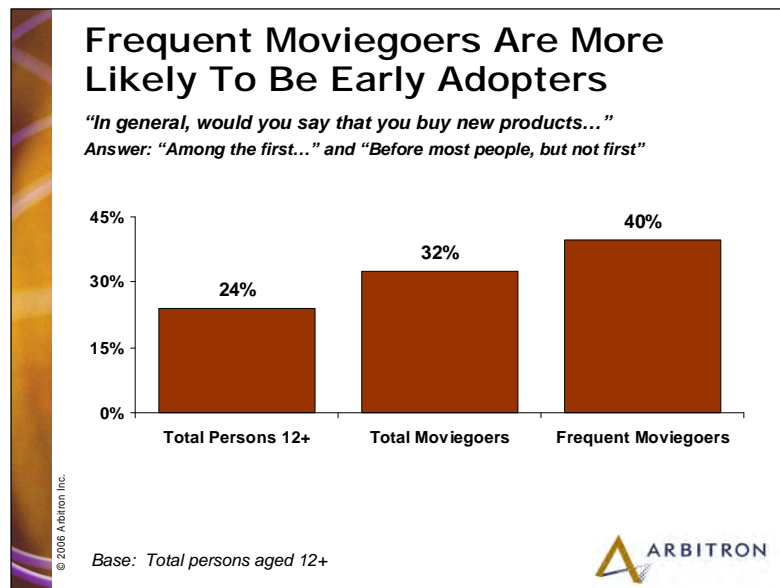
C. Frequent Moviegoers Are Avid Consumers

In any medium, the frequent user will receive the majority of advertising impressions. By understanding the profile of the frequent moviegoer the reader is better able to understand the profile of consumers who are most likely to be reached effectively by cinema advertising campaigns.

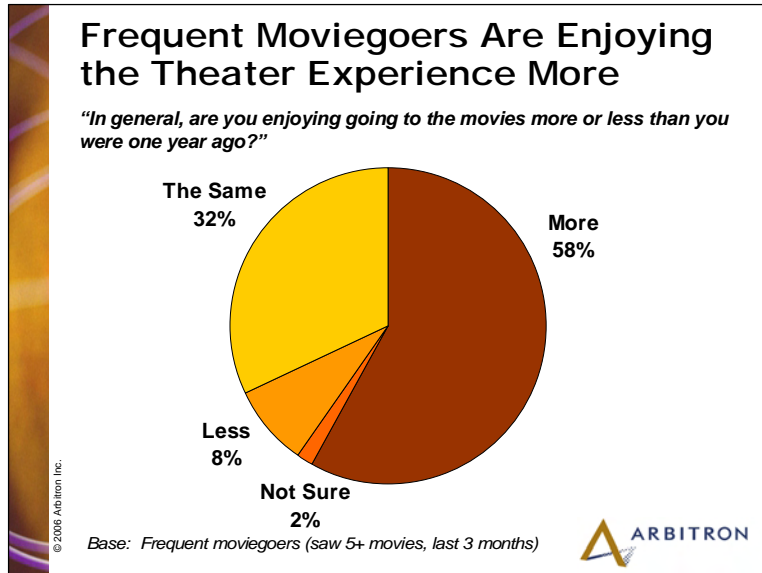
In general, the frequent moviegoer is a young, upscale, tech-savvy, early adopter and frequent shopper.

As throughout this report, we will define frequent moviegoers as persons who have been to the movies five or more times in the last three months.

Four in 10 frequent moviegoers are early adopters and decision influencers. Among total Persons 12+, 24% self-identify as buying new products and services either first or before most people they know. Among moviegoers, this percentage grows to 32%, and among frequent moviegoers, to 40%.

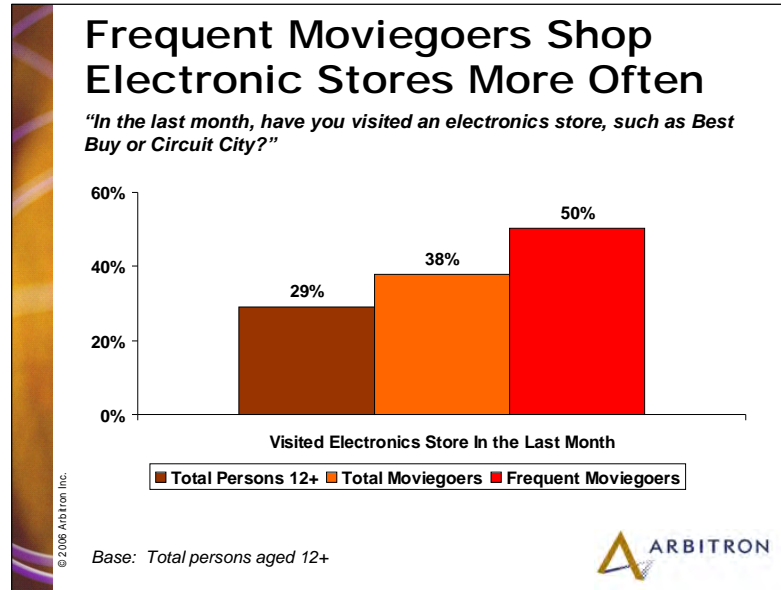


Frequent moviegoers enjoy going to the movies more now than one year ago. More than half of frequent moviegoers (58%) report that they enjoy going to the movies more than they did one year ago. An additional 32% of frequent moviegoers report that they enjoy going to the movies the same as they did one year ago.

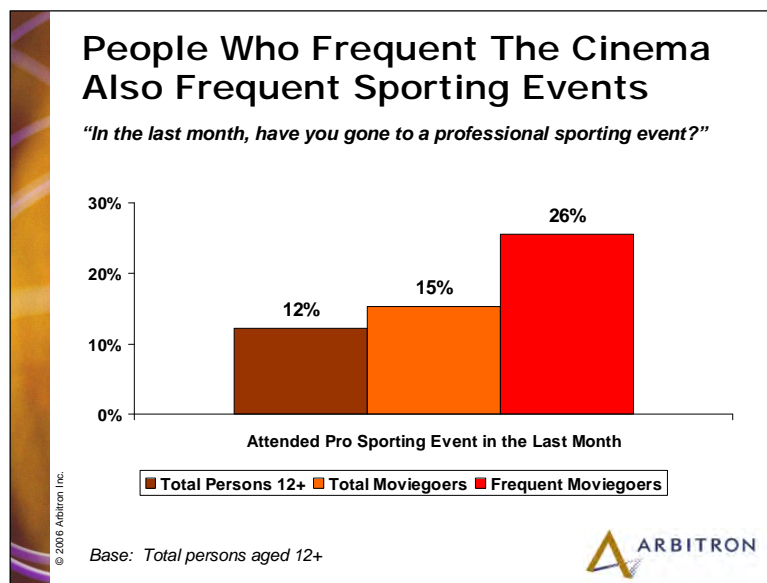


Frequent moviegoers tend to come from upscale households. Frequent moviegoers are more likely to come from households earning \$100K or more (12% of frequent moviegoers, compared to 10% among total Persons 12+.) and less likely to come from households earning under \$25K per year.

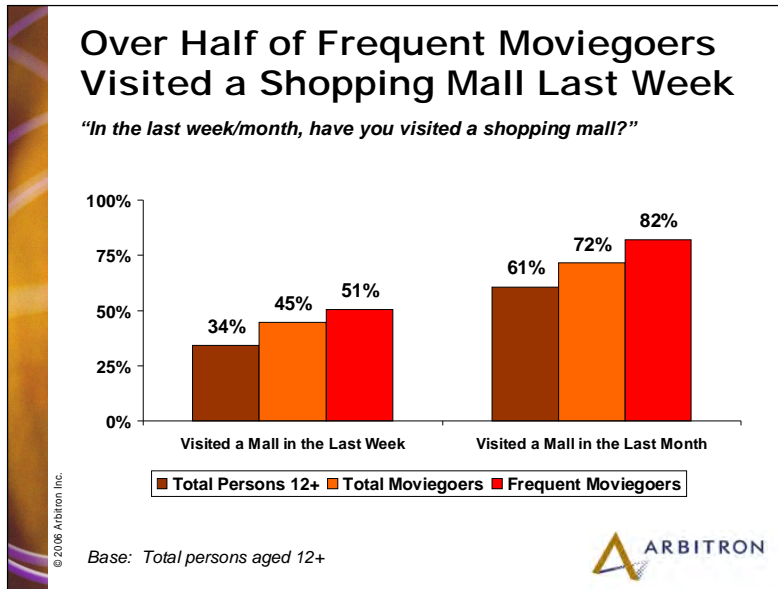
Frequent moviegoers are significantly more likely to have visited an electronics store in the last month. Fifty percent of frequent moviegoers have visited an electronics store in the last 30 days, compared to 29% of total Persons 12+.



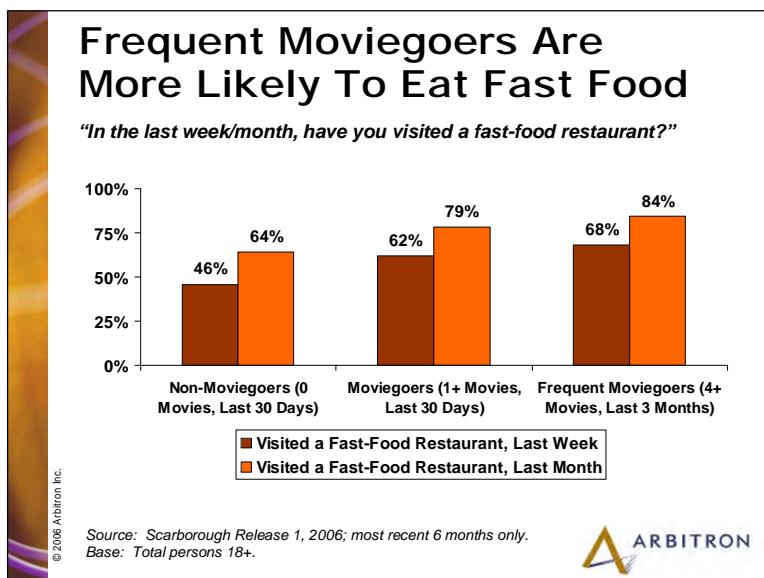
Frequent moviegoers are over twice as likely to have gone to a professional sporting event in the last month. Twenty-six percent of frequent moviegoers have been to a professional sporting event in the last month—more than double the percentage (12%) for total Persons 12+.



Eighty-two percent of frequent moviegoers have visited a shopping mall in the last month. In a week, 51% of frequent moviegoers visit a shopping mall. Over the course of a month, 82% visit a shopping mall.



Over two-thirds of frequent moviegoers have visited a fast-food restaurant in the last week; 84% in the last month. Driven in part by the younger age composition of frequent moviegoers, over two-thirds (68%) of frequent moviegoers have visited a fast-food restaurant within the last week. Over the course of a month, 84% of frequent moviegoers visit a fast-food restaurant.



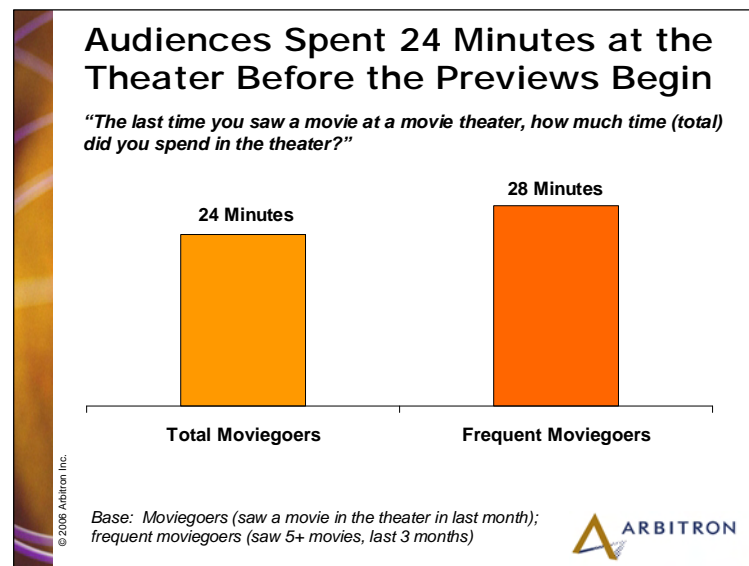


D. Multiple Touch Points

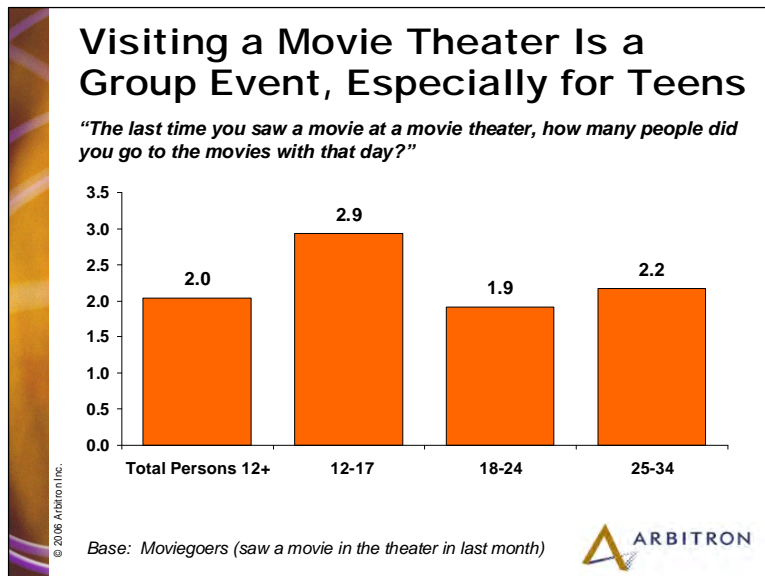
Going to the movies is a part of the social fabric of American life. The phenomenon of moviegoing is experiential and provides marketers with multiple touch points for reaching moviegoers, and for becoming a part of that experience.

Moviegoers are on site in the theater about 24 minutes before the movie begins. A trip to the movies provides a long, uninterrupted time window for reaching consumers with advertising. On their most recent trip to the movies, moviegoers spent an average of 24 minutes at the theater prior to the beginning of the previews.

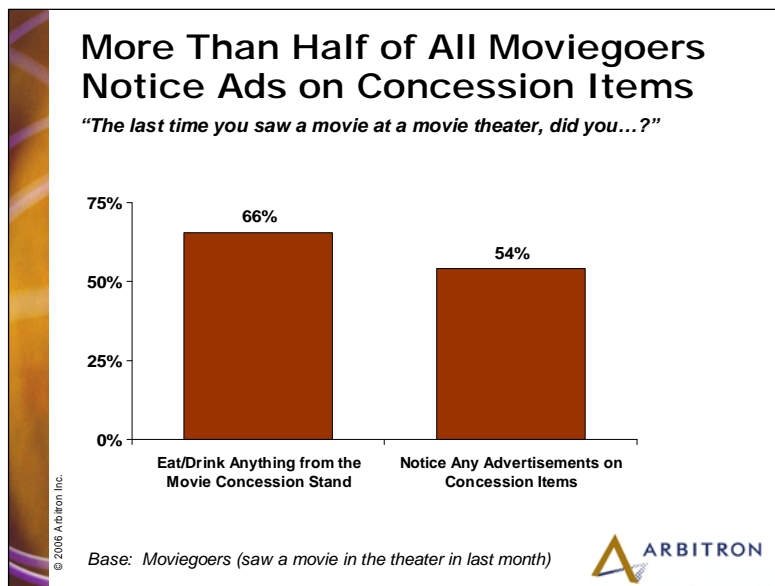
Frequent moviegoers spend even more time at the movies before the previews begin—28 minutes.



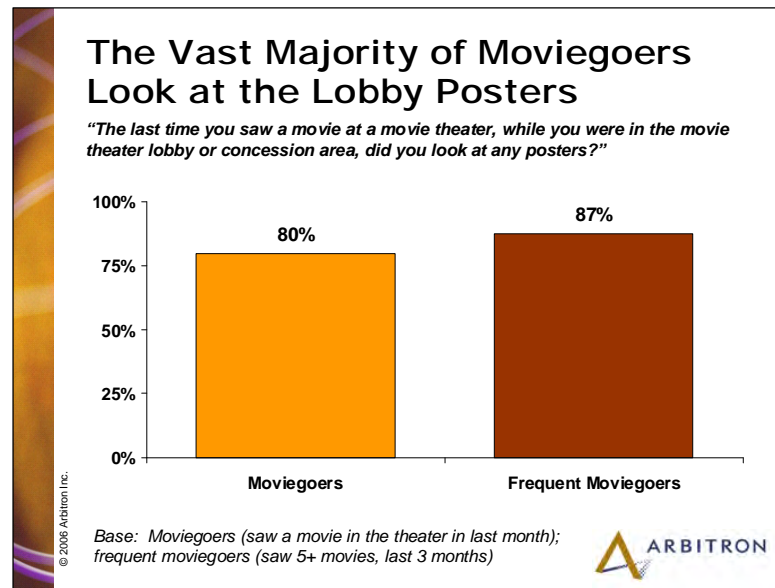
Going to the movies is a social and family activity. On average, persons aged 12+ report having gone to the movies with two other people on their most recent trip to the movies. Among Teens 12-17, the average is three other people.



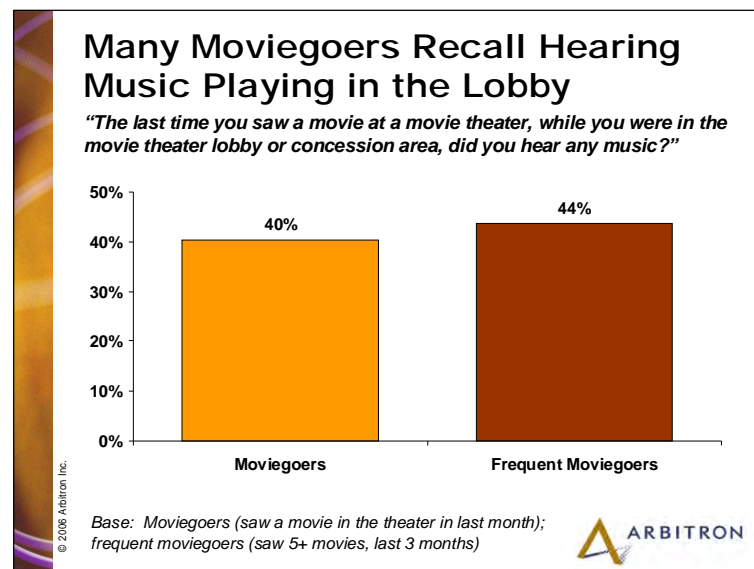
Moviegoers patronize the concession stand and notice advertising on concession product packaging. Two-thirds (66%) of moviegoers ate or drank something from the concession stand on their most recent trip to the movies. Fifty-four percent of moviegoers noticed advertising on the concession stand food and drinks *regardless* of whether or not they personally consumed any of the items.



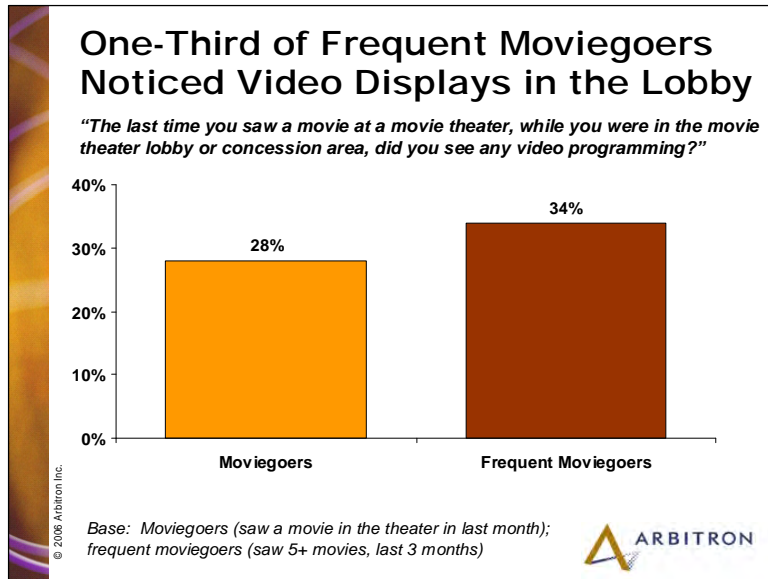
Eighty percent of moviegoers looked at posters while in the lobby or concession area on their most recent trip to the movies. Movie theaters are a good environment for place-based advertising. On their most recent trip to the movies, 80% of moviegoers looked at posters in the lobby. Eighty-seven percent of frequent moviegoers looked at the posters in the lobby.



Forty percent of moviegoers remember hearing music in the lobby or concession area on their last trip to the movies. A trip to the movies entails more than just visual entertainment. On their most recent trip to the movies, 40% of moviegoers report having heard music played.



Twenty-eight percent of moviegoers saw video programming in the lobby or concession area on their last trip to the movies. More than one-fourth of moviegoers (28%) saw video programming in the lobby or concession area on their most recent trip to the movies. Among frequent moviegoers, more than one-third (34%) saw video programming in the lobby or concession area.

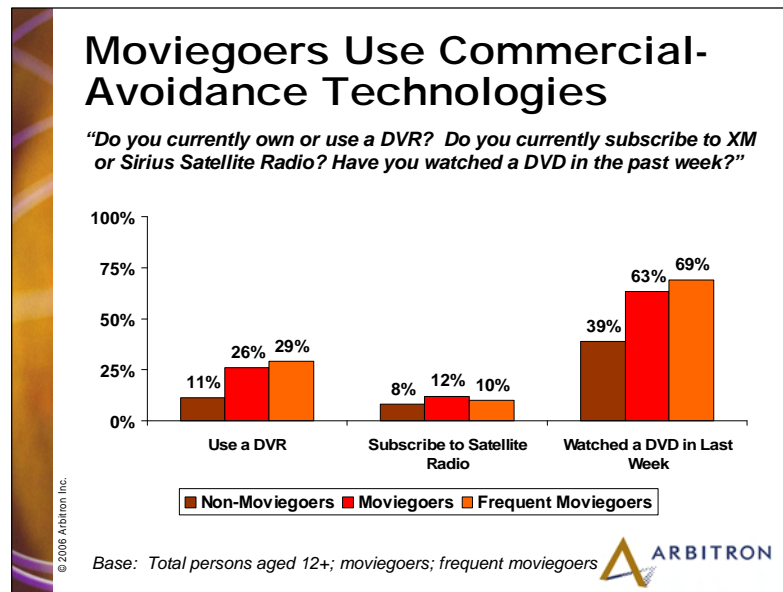


E. Media Behaviors of Moviegoers and Frequent Moviegoers



Moviegoers—and especially frequent moviegoers—represent an elusive target for advertisers. Moviegoers are light TV viewers, and frequent users of commercial-free media and commercial-avoidance technologies. Moviegoers—and especially frequent moviegoers—are frequent online users.

Cinema advertising reaches consumers who otherwise avoid exposure to advertising. Advertisers are increasingly concerned that new entertainment technologies empower the consumer to avoid commercials. Cinema advertising delivers the TiVo® generation. Twelve percent of moviegoers subscribe to satellite radio (XM or Sirius), compared to 8% of persons who have not been to the movies in the last three months. Twenty-six percent of moviegoers make use of a digital video recorder (DVR)—almost two and a half times the penetration of DVR use among non-moviegoers (11%). Sixty-three percent of moviegoers have watched at least one DVD within the last week, compared to only 39% of non-moviegoers.



Moviegoers are light TV viewers. According to Scarborough (USA+, Release 1, 2006, most recent six months), moviegoers are only 75% as likely as the general population to be among the heaviest TV viewers. Moviegoers are 14% more likely to be among the lightest TV viewers.

Frequent Moviegoers (4+ Movies, Last 3 Months)

*(Based on Scarborough USA+ Release 1, 2006,
most recent six months; Persons 18+)*

TV Quintile	Moviegoer Index
1 (Heaviest TV viewers)	75
2	93
3	103
4	115
5 (Lightest TV viewers)	114

TV viewing by quintile among frequent moviegoers. (Note: Scarborough data show frequent moviegoers as 4+, not 5+, in the past 3 months.)



Implications for Media Planning

1. **Advertisers who seek to target younger consumers should consider cinema advertising.** Although young persons aged 12-34 are increasingly difficult to reach through traditional media, they are virtually ubiquitous in the audience to cinema advertising.
2. **Cinema advertising provides a way to connect with consumers while they are highly attentive and engaged.** Cinema advertising provides an effective way to break through clutter and grab the viewers attention in a way that is just not possible through most other media.

Most moviegoers, particularly teens, do not mind the advertising that appears in the theater before the movie begins. Collectively, these findings indicate that consumers do not perceive cinema advertising to be intrusive; rather, it is high-impact, engaging advertising that commands attention.

3. **The movie theater provides a variety of messaging opportunities that enable marketers to use cinema advertising to create a “brand experience.”** Going to the movies is an active, social pursuit that provides multiple opportunities for the marketer to be a part of the moviegoing experience. Advertisers can customize their brand experience for every stage of the moviegoing experience. From handouts, posters and digital signage in the lobby, overhead music and popcorn bags, right down to the full-length commercials shining on the silver screen—cinema advertising allows a brand to saturate the consumer’s sense and create a lasting impression.
4. **Cinema advertising can be used to reach avid consumers and early adopters.** As an entertainment-oriented, out-of-home medium that requires disposable income, cinema advertising delivers a high concentration of early adopters and avid consumers. Frequent moviegoers report buying new products or services either first or before most people they know. Marketers wishing to reach such an audience—in order to drive awareness and trial among influentials—should strongly consider cinema advertising.

- 5. Cinema advertising can be added to a media plan to reach those who are avoiding commercials on other media.** One of the benefits of cinema advertising is that consumers at the theater generally do not avoid exposure. Conversely, outside of the theater these same consumers—*younger, upscale, avid entertainment consumers and shoppers*—frequently avoid advertising. Media plans that rely on traditional media will underdeliver people who avoid commercials. Cinema advertising can pick up the slack by delivering frequent users of commercial-avoidance technologies.

About Arbitron Inc.

Arbitron Inc. (NYSE: ARB) is an international media and marketing research firm serving radio broadcasters, cable companies, advertisers, advertising agencies and outdoor advertising companies in the United States, Mexico and Europe. Arbitron's core businesses are measuring network and local market radio audiences across the United States; surveying the retail, media and product patterns of local market consumers; and providing application software used for analyzing media audience and marketing information data. The Company is developing the Portable People Meter (PPM™), a new technology for radio, broadcast television and cable ratings.

Arbitron's marketing and business units are supported by a world-renowned research and technology organization located in Columbia, Maryland. Arbitron has approximately 1,700 employees; its executive offices are located in New York City. Through its Scarborough Research joint venture with VNU, Inc., Arbitron also provides media and marketing research services to the broadcast television, magazine, newspaper, outdoor and online industries.

Arbitron's Out-of-Home division provides training, consumer shopping data and audience profiles for out-of-home and outdoor media. Currently, more than 100 outdoor plants, place-based media and thousands of agencies and advertisers use Arbitron Out-of-Home consumer shopping data and software. The company is currently working with the industry to develop an outdoor audience ratings service.

Credible third-party measurement helps advertisers justify their investment in the medium. The company's 50+ years of audience measurement experience help sellers focus on selling the value of their advertising rather than justifying the credibility of their measurement. Arbitron research studies about cinema advertising, the outdoor industry and traditional and nontraditional media can be found on the company's Web site at www.arbitron.com and can be downloaded free of charge.



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