

# THE SHOWCASE WITH IMAX

Where Movies Become Amazing™



## Business plan (3 year projections)

2015 – 2017

**The Showcase with IMAX**

P. O. Box AP59057

Nassau, Bahamas

This document contains

***Confidential & Proprietary Information***

Belonging Exclusively to Atavus Group Limited

This is a business plan.

It does not imply an offering of Securities.

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# Executive Summary

The Showcase with IMAX, as a wholly owned subsidiary of The Atavus Group Ltd., will redefine entertainment in The Bahamas. As the first Bahamian IMAX franchise and the first 4DX theatre in the Caribbean region, Atavus Group Limited is building a lasting enterprise. This establishment will consist of over 85,000 square feet of theatre space, two (2) luxury theatres with VIP seating, specialized concessions, one (1) five story high IMAX Digital screen, one (1) 4DX enhanced theatre with moving seats and environmental effects, and five (5) additional supersized HD digital 2D & 3D movie screens. In addition, auditoriums will be outfitted with Dolby Surround Sound, the most advance theatre sound system on the planet outside of the IMAX nXos high dynamic range, laser aligned audio system.

Other amenities will include a full service high end casual dining experience to be managed by restaurant expert Peter Rounce of Soleil Hospitality: former management consultant for such ventures as Luciano's, Grey Cliff, Starbucks, and KFC, amongst many other successful restaurant operations. This restaurant will also service an adult only VIP lounge on the top floor. The facility will also boast a separate floor at the lower level for a Kids Club and Arcade with security monitoring technology to facilitate parental drop off for children of appropriate age.

The principal shareholders and management have conducted six (6) years of research on market opportunities for a new cinema and have spent three (3) years of active planning with IMAX International and CJ 4DPLEX Co., Ltd. These negotiations have resulted in a contract with both IMAX Global and CJ for the Atavus Group to hold exclusive rights to their respective brands. These contracts allow for a ten (10) year exclusivity period to operate IMAX and 4DX technologies and for the use of their trademarks as the Bahamian representative.

Atavus Group Limited has obtained over 600+ hours of digital specific theatre management training. The principals have gained valuable understanding of the cinema business model, global strategies for IMAX and 4DX, market entry implications into the Bahamas, and the regulatory requirements to operate in the region in accordance with existing agreements between Hollywood and Cinema owners, as well as local rules, guidelines and restrictions. Additionally key vendors along with the IMAX Global representatives have committed their insights to the planning of this project and the successful introduction of the IMAX brand to the Bahamas. Management has also contracted various industry experts from around the world. Lead project consultant is James Patterson, manager of Business Development for Major Cineplex in Thailand.



To date Atavus Group Limited has secured seed capital in the amount of 6.5 million dollars from its principals and has recently secured the rights to the IMAX license in addition to a 4DX brand license and other supporting licenses for operational purposes. The Showcase with IMAX is now seeking capital in the amount of 24.6 million dollars to fund the construction and establishment of an IMAX Cineplex, in the northern-central district of New Providence. The same is within walking distance of Baha Mar, the country's newest multi-billion dollar resort development.

Income projections are summarized as follows:

<b><u>Projections:</u></b>	<b><u>Yr 0</u></b>	<b><u>Yr 1</u></b>	<b><u>Yr 2</u></b>	<b><u>Yr 3</u></b>
<b>Revenue</b>	\$ -	\$ 16,622,170	\$ 17,120,836	\$ 17,634,461
<b>Expenses</b>	(1,822,123)	(5,551,179)	(5,504,319)	(5,669,563)
<b>Net profit (loss)</b>	(3,967,706)	2,022,565	2,279,758	2,704,861
<b>EBITDA</b>	(1,822,123)	5,654,431	5,829,158	6,164,951

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# Company Overview

## **Company Name**

The Legal trading name is The Showcase with IMAX.

## **Legal Form of Business**

The legal form of the business will be a limited liability company incorporated under the companies Act 1992.

## **Business Location**

The Showcase with IMAX is scheduled to be located at the intersection of Gladstone Rd and JFK Drive and Baha Mar, New Providence Bahamas.

## **Registered Office & Agents**

The registered/legal representative office of the Company is located at:

Bridgewater Legal Advocates  
Imperial Park  
P.O. Box AP59057  
Nassau, Bahamas.

The current office of business of the Company is located at:

Balfour Ct #9  
Golden Isle  
P.O. Box AP59057  
Nassau, Bahamas.

# Vision & Mission

## **Vision**

ATAVUS will be established as the premier family entertainment source in the country. Our focus is on creating a form of entertainment standard that supports the development of traditional family values.

## **Mission statement**

It is the mission of Atavus Group to provide a forum for guest to reconnect to traditional family values in an energized, uplifting and engaging atmosphere. To ensure through exciting entertainment experience, that our guest will experience a first-time visit, every time.

## **Motto**

Advancing the Entertainment Experience!

## **Values**

1. Balance High-Tech with High-Touch.
2. Reconnect to traditional family values
3. Maintain an energized and an uplifting atmosphere.
4. Insure a spotless environment always.
5. Maintain a priority on guest safety and security.
6. Give a first-time experience every time.
7. Take a team approach.
8. Rebuild the community through family influence.

# Company Objectives & Overview

## Key Objectives

- Secure startup capital to finance project.
- Develop land & construct the Family Entertainment Center.
- Introduce the IMAX Brand as the premiere form of Movie Entertainment.
- Introduce the 4DX Brand as the future of Cinema
- Introduce the Young Hollywood concept with the arcade and Soft-Play components
- Launch the preeminent dining experience tailored to families
- Become & maintain market leadership position.
- Become the preferred form of entertainment for Bahamian families & couples.
- Become an entertainment option for tourists.

## Keys to Success

- An especially well-selected, well-trained staff able to deal professionally with customers.
- An organized set of operating procedures that guarantees daily fidelity and continuity.
- Unmatched technical and management support from 4DX CJ CGV group, the IMAX Corporation and Racimec International.
- Integration into the Bahamian Culture by becoming a community member through specific programs and public relations initiatives.
- Daily Analytics via Building and Theater Management systems that provide management with necessary information to make real-time operational decisions.
- Providing a form of interactive education that generates a high impact on the market while positioning the company as a tool for educational professional and parents alike.

# Board of Directors and Management Team

ATAVUS GROUP LIMITED's founding team includes entrepreneurs and managers with a track record of success and a history of successfully working together.

## **Board of Directors**

Pursuant to the Articles of Association the Directors shall be elected at the company's annual general meeting to hold office until the next annual general meeting unless an extraordinary general meeting is called with the express purpose of electing a board or for the removal of a board member. At startup the board consisted of four (4) founding members of the Atavus Group as minimum in addition to other experts added as necessary up to a maximum of seven (7) members. Currently the board comprises of 5 members listed below:

### **Carlos S. Foulkes – Chairman & CEO**

The Chairman of Atavus Group Ltd is Mr. Carlos Foulkes, an authority in digital cinematic entertainment, who will function as Chief Executive Officer. He is the son and protégée of His Excellency Sir Arthur Foulkes, The Former Governor General of The Commonwealth of The Bahamas. His qualifications include a BBA in Management, an AA in Engineering and over 8 years of experience in senior management positions at a large firm.

### **Tecoyo O. Bridgewater – Director and Legal Counsel**

Mr. Bridgewater is an Attorney and Counsel at law formerly an associate at Munroe and Associates, one of the leading criminal and civil litigation firms in The Bahamas. Currently he is the Principal of Bridgewater Legal Advocates and will lead a team of three (3) legal advisors to Atavus Group Limited.

### **Dominic Richards – Director & COO**

Mr. Dominic Richards: B.S. in Molecular Biology and Business Administration. He is currently completing MS in International Finance and has over 10 years of managerial experience in US and Bahamas. He will also serve as the Chief Operating Officer

**Demarco Gibson - Director**

Mr. Demarco Gibson: Former Director of Security of the multimillion dollar New Providence Development Company and 9 year of management. Mr. Gibson will serve as Manager of Facility and Maintenance when construction begins.

**Mr. Montgomery Braithwaite**

Mr. Montgomery Braithwaite: Mr. Braithwaite is currently the chairman of LENO Corporate Services. He has more than 38 years of experience working in the financial services industry. He is a chartered accountant having held the position as Partner with Deloitte & Touché for several years then later served as President of Colina Imperial Insurance Company Limited for three years. Mr. Braithwaite is a member of the Bahamas Institute of Chartered Accountants (Past Secretary and Council Member). He has assisted with various government projects with the most recent being the financial controller for the Carifta Games 2013. He formerly assisted the project management team responsible with hosting the IAAF World Relays games in the Bahamas in 2014.

**Key Management**

In addition to Directors serving as officers the following key managers bring additional qualification to the team.

1. Food & Beverage Management Company Soleil led by Peter Rounce.
2. *Executive Secretary / Human Resources Manager*: Lavern Richards: B.S. in Business Administration, and Computer Science, former COO of the multinational corporation Sunset Harbor Resort Ltd. and over 10 years of managerial experience.
3. *C.F.O. Mr. Nicholas Rees*: Mr. Rees has obtained a Master of Business Administration (MBA) with specialization in International Business along with a Bsc. in Finance and Economics. He has over eight years of professional experience ranging from small business startups and capital financing to securities, investments and financial services. He joined HLB Galanis & Co. in 2012 after serving as Finance Officer for The Bahamas International Securities Exchange (BISX) and The Bahamas Central Securities Depository (BCSD).

This group has worked together for years on various projects and brings a certain synergy to the table that has taken a decade to develop. With four founders and other key participants a seven member board of directors will be established inclusive of principal investors.

## Board of Advisors & Consultants



### **LEAD CONSULTANT: Jim Patterson**

Mr. Patterson is the foremost global authority on theater launches. Having launched more IMAX and 4DX facilities than anyone in the world, Jim has conducted a thorough competitive analysis of the Bahamian marketplace. His most recent theater launch in the Caribbean, Digicel IMAX in Trinidad, is one of most successful theaters in the IMAX network globally.

Currently, Mr. Patterson is the head of Theater Operations at Major Cineplex Ratchayothin in Bangkok with over 500 screens.

His responsibilities on this project will include but are not limited to:

1. Sponsorship Recruitment
2. Vendor Negotiations
3. Financial Analysis
4. Concession/Design Layout
5. Operational Design
6. Staff Training





### **Steve Krams**

Mr. Krams has been involved in the theatre equipment business for over thirty years. Based out of South Florida, he founded International Cinema in 1975 and is the chief operating officer of MTE Company.

Mr. Krams has been instrumental in Bahamian theater outfitting and training for over 25 years. His major projects include:

- Golden Gates Theater
- Rainbow Theater
- RND Theater
- Galleria Cinemas

He has provided important historical market data to the Atavus Group. MTE will be an integral part of the installation, equipment procurement and training regimen of the Showcase with IMAX.

### **Mrs. Ingrid Jahra**

Mrs. Jahra is the Co-Owner and CEO of Giant Screen Entertainment Limited in Port of Spain, Trinidad; the first Caribbean company to launch the IMAX format under the name Digicel IMAX.

### **Mr. Miguel Sfeir**

President of the Racimec International Group, a multibillion dollar organization that was founded in Rio de Janeiro, Brazil, in August 1966, now one of the most prominent entertainment and public gaming companies in the world. See Sourcing and Technology for full details.



### **Chris Johnson,**

Mr. Johnson, CEO of Classic Cinema Inc., has been in cinema for over 30 years. Taking over Classic Cinemas from his father in 2014, Chris has worked tirelessly to build his mid-sized chain. Mr. Johnson has been great resource for small market structure and film rights negotiation. The same has made a name for himself in the industry as part of the pioneering exhibitor that championed the cause of small theater to remain relevant in a digital aged. Mr. Johnson has also liaison of several studio negotiations.



### **Peter Rounce of Soleil Hospitality Management & Consulting Firm**

Soleil Hospitality is a Hospitality Development and Consulting firm with a strong focus on Food and Beverage and Human Resource policy, process and execution. Soleil has a team of dedicated industry experts, with over 80 years of combined experience. Among others, Soleil Hospitality has created The Beach Club café Brand, Billfish Grill and Wildfire Pizza, all successful concepts that were developed from ground up and historical management successes such as Graycliff and Lucianos.



# Project Overview

The Showcase with IMAX is a Family Entertainment Center. The facility's main attraction will be a state-of-the-art nine (9) screen cineplex containing the following:

- One (1) IMAX screen (52 x 80)
- One (1) equipped with 4DX technology
- Five (5) regular digital screens (24 x 40)
- Two (2) VIP theaters

## **Our Goal:**

To provide Bahamians and tourists alike with a premiere family entertainment experience in a safe, clean environment.

## ***The Primary Attractions:***

The IMAX experience (based on screen & technology) coupled with the “Early Release” of Blockbuster movies (negotiated by IMAX and Hollywood) will provide a sustainable competitive advantage allowing market leadership and dominance. 4DX (with its revolutionary five sense and motion technologies) and corporate partnership with CJ CGV will provide exclusive Asian content to meet specific Bahamian consumer interests. The youth market will love this mini- Disney-esque experience, packaged in a movie. VIP Theaters will provide a wonderful mature alternative to 4DX. Families will be able to order movies and meals before coming to the cinema and dinning together in reserve seating. Exclusive alternative content like the Met Opera await patrons of Showcase.

## ***The Secondary Attractions:***

The Cineplex may be the main attraction but the restaurant and the arcade will provide vital secondary entertainment choices to complement the product mix of the facility. The forms of revenue will be based on ticket sales, food and beverage sales, arcade and soft-play sales, educational field trips with schools, and Brand Sponsorship.

The concept of The Showcase with IMAX was born from The Atavus Group, a local entertainment management company started by four founding members, whose collective dream was to enhance the quality of entertainment in our country. This dream grew to include the establishment of a modernized **IMAX** facility as an anchor attraction. Combined with **4DX**, they formed a formidable barrier of entry to all.

# Project Development and Construction

Concept Drawing of 'The Showcase with IMAX'



Figure 1: Exterior View of Drop-Off Area for the Showcase with IMAX



Figure 2: Exterior View of the Restaurant and Veranda that faces Lake Cunningham



### Venue for the Showcase with IMAX:

Facility is located at the intersection of Gladstone and JFK opposite Lake View Cemetery. This western facing parcel of land has been identified by expert consultants as a great location for the project. In addition the benefits of the location include:

- a) Advance Traffic Flow Options
- b) Close Proximity to Major Hotel Resort (Baha Mar).
- c) **Three Year Feasibility Study** has verified shift in population center toward west of island.
- d) Lowest impact of construction on surrounding area.

## Phase One of Project Development (15 Months)





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ATAVUS IMAX , NASSAU  
BAHAMAS

Furniture lay out plan  
Ground floor

Date :  
27.04.2015

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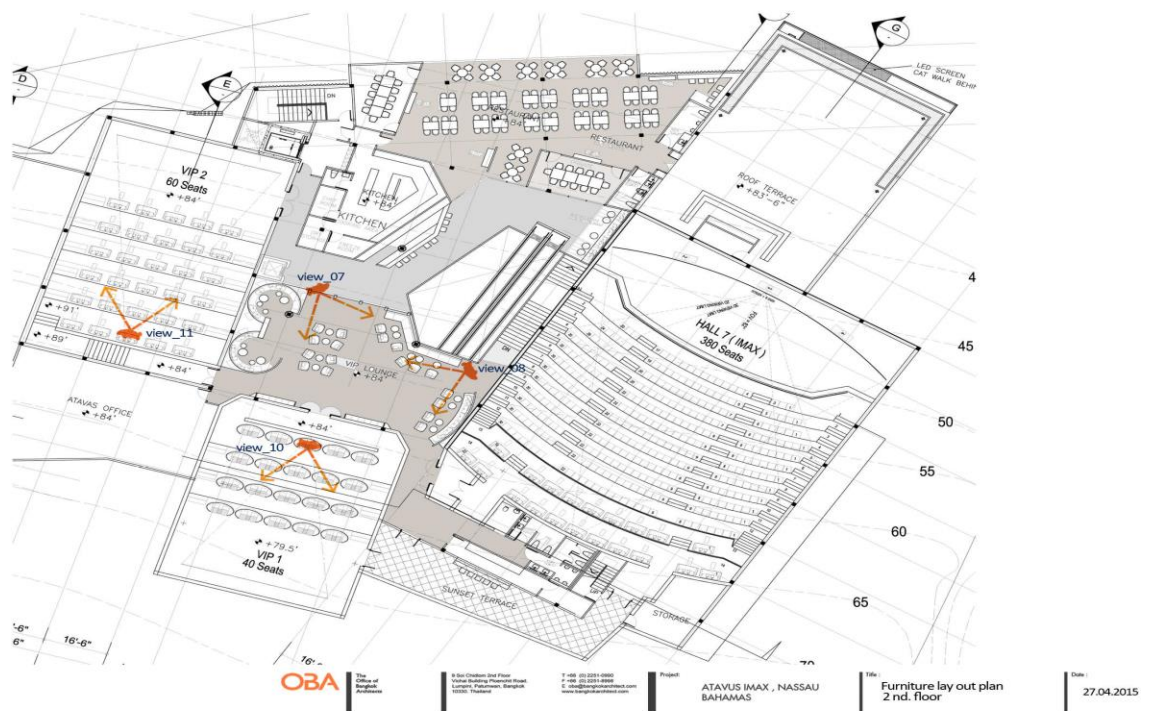


Figure 5: Top Floor of the Showcase with IMAX

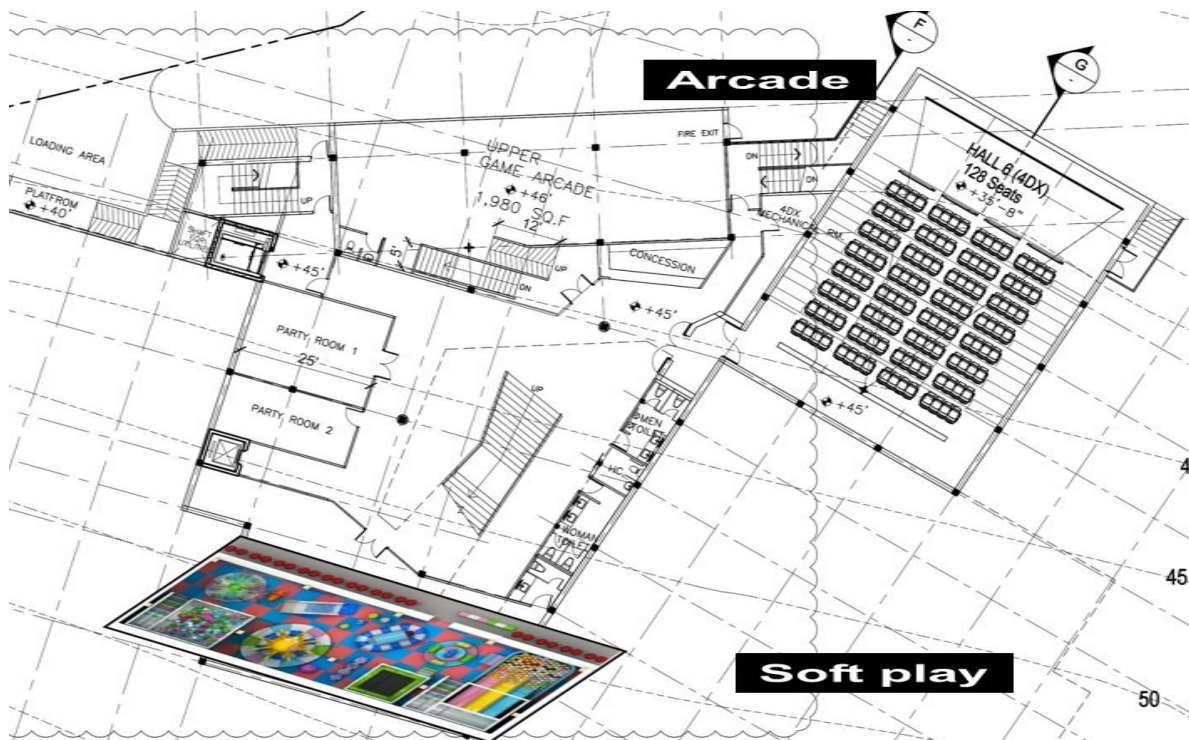


Figure 6: Lower Floor of the Showcase with IMAX

## Interior Design Concepts

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# Products and Services

The Showcase with IMAX is a stand-alone Family Entertainment Center with the following product mix:

- ✦ A Cineplex with 9 screens
- ✦ Expanded concessions with ice-cream and coffee
- ✦ Full serve restaurant with veranda
- ✦ Feature Attractions: IMAX, 4DX, VIP theater, VIP lounge
- ✦ Secondary Attractions: Full Arcade, Party Rooms, Kids Indoor Playground

## Young Hollywood



## Food and Beverage



## Parties & Special Events



## Advertising

# Cinema Services

The main attraction of the Showcase with IMAX is its cinema division. Movie theaters in the Bahamas have a long and illustrious tradition dating back as far as 1911.

What makes this marketplace unique for entry is the combination of:

- Low Entertainment Substitutability
- High Customer Disposable Income Rate

However the most attractive is:

- Long Market Monopolies by Cinema Operators

To put this element in perspective, consider the following:

From 1985-2015 the average Bahamian theater market monopoly has spanned **7.5 years**. When coupling that with total market consolidation starting within 2 years of a new entry, the case for investment clarifies.

Currently the sole operator, Galleria Cinemas has been in the market for 16 years (since 1999). An incredible 12 of those 16 years have been as a monopoly. However their consolidation of the Bahamian market started within 18 months of entry.

*Reasons for such quick consolidations and long monopolies:*

1. Superior Amenities
2. Superior locations
3. Superior Products
4. Governmental laws controlling foreign investment and incursions

In the last generation, Galleria Cinemas battled the previous monopoly of RND Cinemas from 1999 to 2003. Galleria had the power of more screens, better amenities and a superior location with larger customer base (the largest mall in the Bahamas).

In actuality Galleria would have pushed RND out of the market even faster if there was an actual product difference. Due to this lack of real product differentiation in the eyes of consumers, even though RND had inferior facilities and poor concessions, price sensitive customers stayed prolonging RND's life.

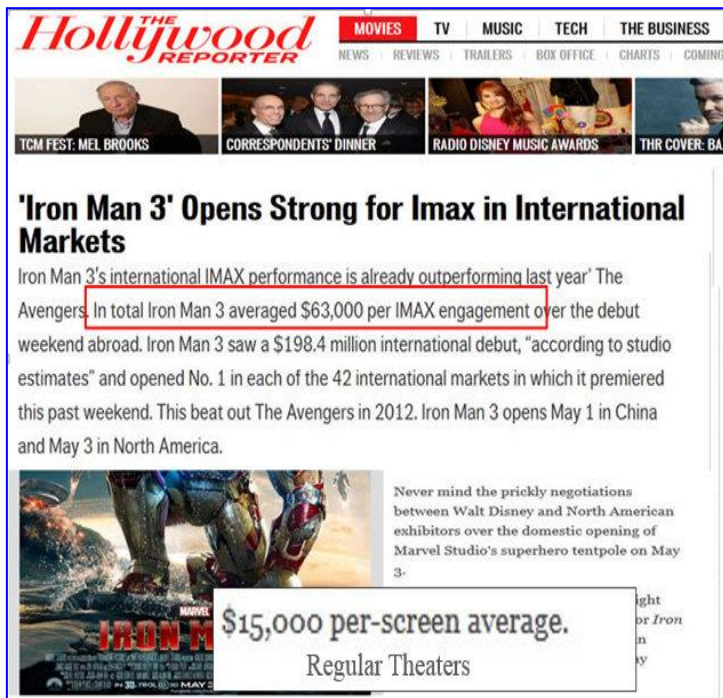
This is why the procurement of exclusive licenses for World Class brands was key for the Showcase with IMAX.

Moving beyond Galleria Cinemas, this project is built from the ground up to repel all future new comers into the cinema market.

Besides our five (5) digital theaters, the Showcase with IMAX will feature premium movie content:

- 4DX: 5 year exclusive license (Thereafter 3 year re-up with right of first refusal)
- IMAX: 10 year exclusive license (Thereafter 10 year re-up with right of first refusal)
- VIP Theaters with exclusive alternative content

From a global stand point, IMAX and 4DX are the top two brands that have dominated the cinema market place. These brands have obtained attendance rates far above normal theater chains.



**THE HOLLYWOOD REPORTER** MOVIES TV MUSIC TECH THE BUSINESS  
NEWS REVIEWS TRAILERS BOX OFFICE CHARTS COMING

TCM FEST: MEL BROOKS CORRESPONDENTS' DINNER RADIO DISNEY MUSIC AWARDS THR COVER: BAZ

### 'Iron Man 3' Opens Strong for Imax in International Markets

Iron Man 3's international IMAX performance is already outperforming last year's The Avengers. In total Iron Man 3 averaged \$63,000 per IMAX engagement over the debut weekend abroad. Iron Man 3 saw a \$198.4 million international debut, "according to studio estimates" and opened No. 1 in each of the 42 international markets in which it premiered this past weekend. This beat out The Avengers in 2012. Iron Man 3 opens May 1 in China and May 3 in North America.

Never mind the prickly negotiations between Walt Disney and North American exhibitors over the domestic opening of Marvel Studio's superhero tentpole on May 3.

**\$15,000 per-screen average.**  
Regular Theaters

Korona Theater first introduced 4DX in Japan on April 26, 2013. Customers are flocking to showings with thus advanced 4DX technologies. Korona reported occupancy rates of 99.4% over the first six days, with very high occupancy continuing thereafter. Iron Man 3 in 4DX has not only been a hot ticket in Japan.

Cumulative occupancy rates for Iron Man 3 in 4DX are strong in a number of markets. In Thailand, theatre occupancy was 91.7 percent, in Korea 75.4 percent, in Hungary 77.2 percent, in Peru 72.4 percent, in Mexico 71.1 percent, and in Brazil 69.4 percent between April 25 and May 1. Across the board, this is one of the best rates ever in the history of 4DX movies. Additionally, it shows 20-30 percent higher occupancy than the average rate of 2D, 3D occupancy rate.

With the advent of large flat screen TVs, surround sound systems along with the prevalence of boot-leg movies in the Bahamian market, Cinemas must surpass the home experience.

Why are 4DX and IMAX important to the Showcase with IMAX?

- They represent experiences that cannot be replicated at home.
- They force avid movie goers that want quality to leave the comforts of the couch.
- They force the casual movie goer to seek the novelty of the experience.

## 4DX



## General Info:

The Parent Company for 4DX is CJ CGV the Korean sister company of Samsung Electronics.



## Chronological Timeline

**2010:** The first 4DX theater was introduced to the world with its premiere in Korea.

**2011:** 4DX offices open in Korea and Los Angeles to obtain film contracts and convert to 4DX. Brand goes Global.

**2012:** 4DX is honored as one of the Top 10 theaters in the world by CNN.

**2013:** *February:* Global attendance for 4DX exceeds 600 million.

## How it works

A 4DX theater is a customized 'Disney **Thrill Ride**'. Seats move, fans blow and water squirts to immerse moviegoers.



## 4DX Business Model

4DX Business model is very complex. While IMAX focuses on the business of movies, 4DX has multiple alternative uses and content.

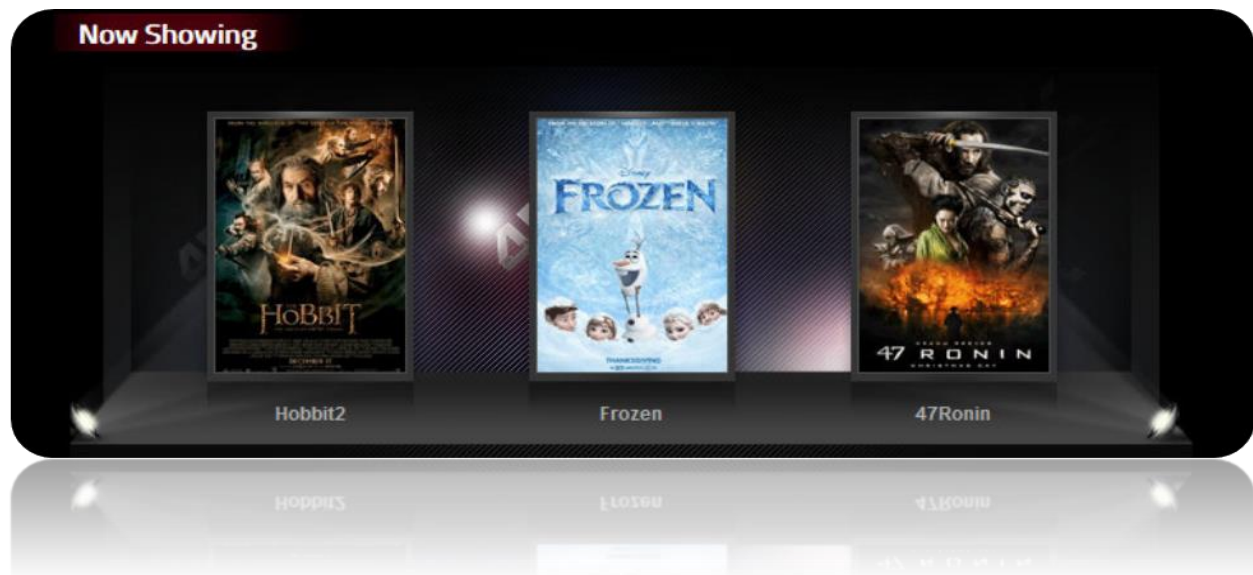
### **A. Hollywood Movies**



When a Hollywood movie is made; post production companies like 4DX and IMAX get the print for modification purposes. It usually takes 4DX one (1) month to make the movie dance in this format. For perspective, it can take IMAX up to five (5) months to format a movie. That's because IMAX is modifying the actual print while 4DX is only creating a code specifically for 4DX theaters.

Because of this, 4DX usually releases more movies per month than IMAX. This provides exhibitors more flexibility and choices for what to show at the theater.

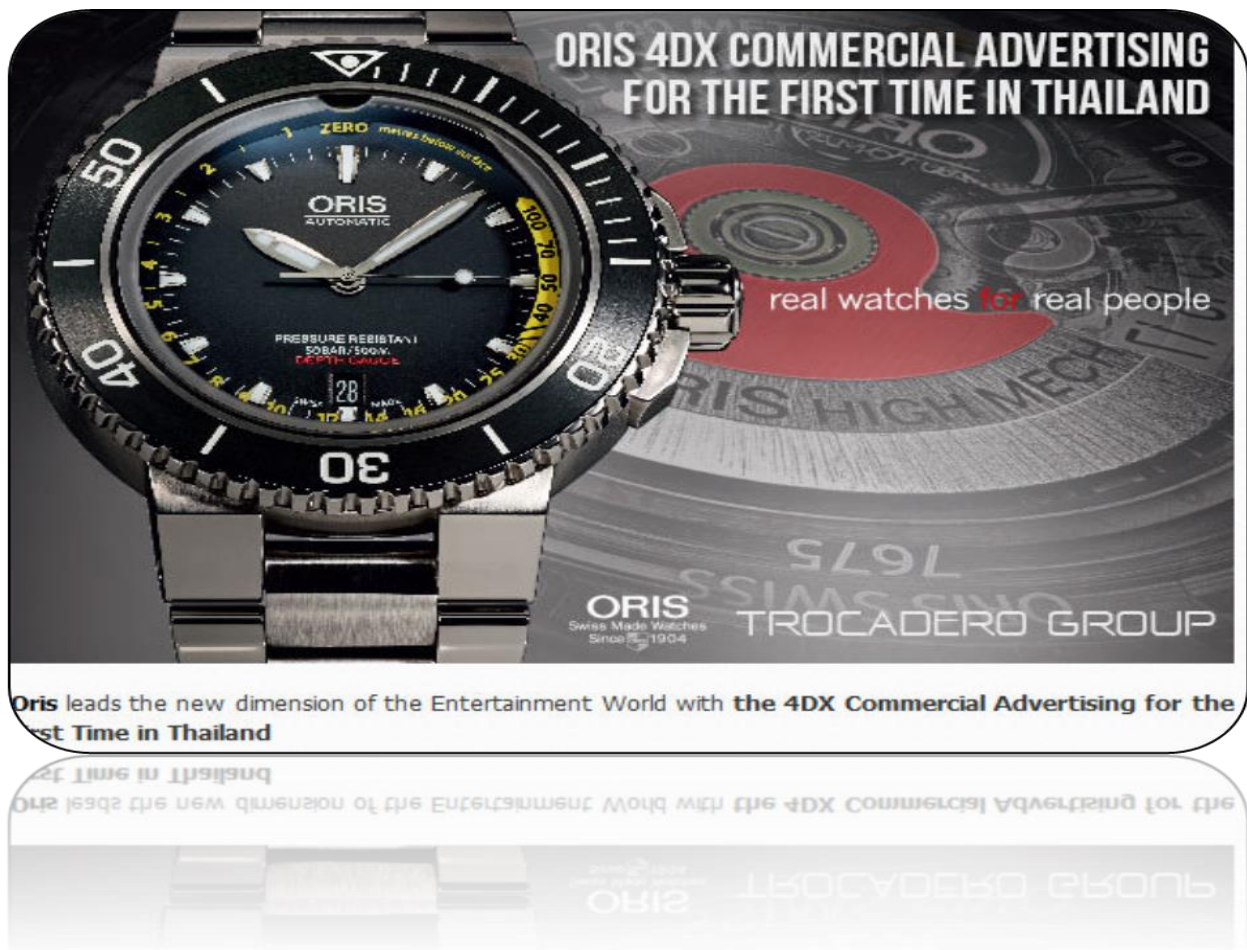
For example while IMAX was currently showing Hobbit 2, 4DX was currently showing:



## B. Advertising Component

Beside full length Hollywood movies, the 4DX Theater can be programmed to do a diverse array of content. From a revenue generating standpoint, commercials can be synced with 4DX technology to use the over 1000 effects. Whether its scents for perfume products or chair movements coupled with wind effects for car commercials,, 4DX is a formidable asset for advertisers. From BMWs to Oris Watches, these commercials have captivated theater audiences globally.

Example of a 4DX commercial:



### C. Alternative Content Component

See the Young Hollywood for more details.

### D. Exclusive Asian Content

CGV, the parent company of 4DX is the leading producer of Hollywood quality Asian movies. With an agreement with 4DX these movies (already in 4Dx format) will be made available exclusively to the Showcase with IMAX before they arrive in the US market (in English)



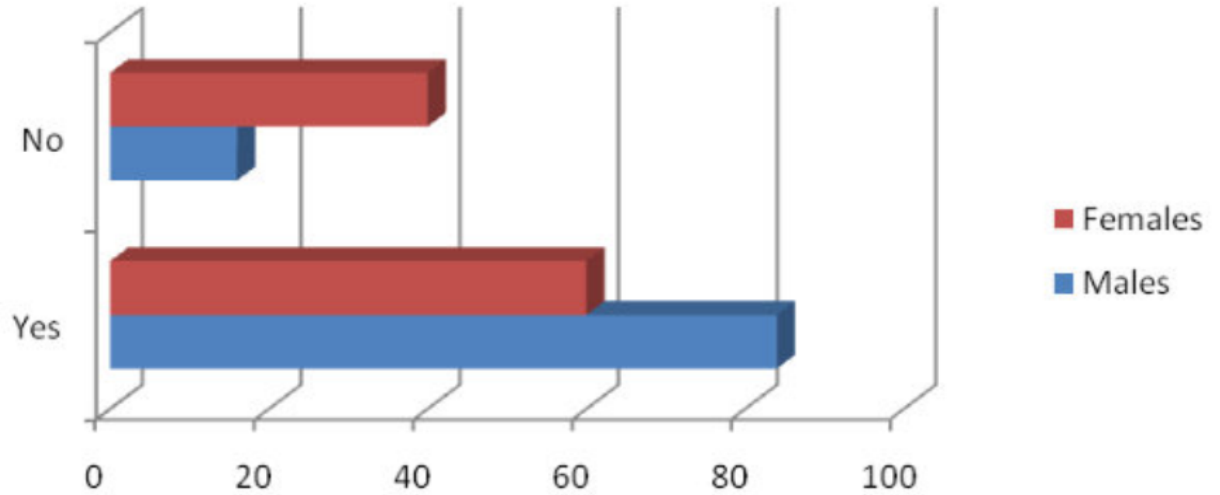
Potential financial bonanza due to:

- The growing Asian influence in the Bahamas
- The proximity to Baha Mar with their Asian tourist focus
- Bahamians love Asian Movies :

Karate movies have been a staple of the Bahamian movie experience for many generations.

A survey was conducted to test the Bahamian appetite for Kung Fu. These were the results:

## Would you go to theatre for \$5 Kung Fu Wednesdays?



## IMAX: History & Business Model

### History

Founded in 1967, IMAX Corporation is one of the world's leading entertainment technology companies, specializing in immersive motion picture technologies.

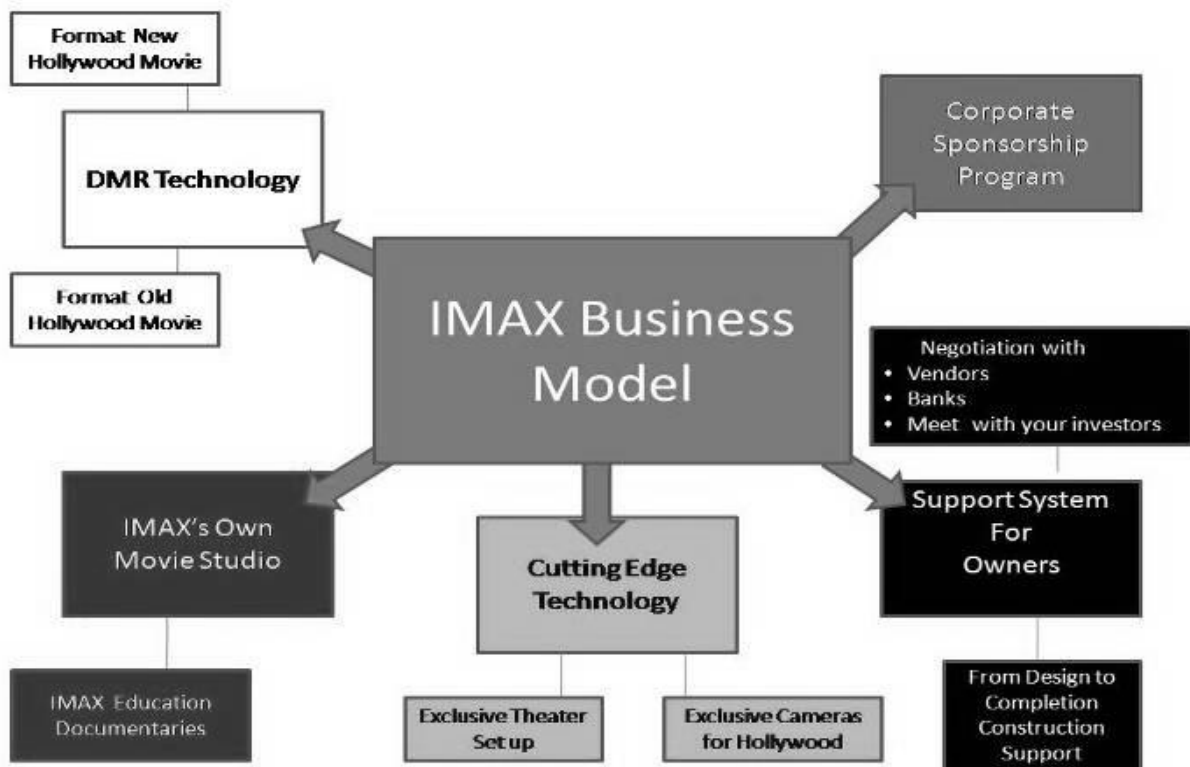
The worldwide IMAX® theatre network is among the most important and successful theatrical distribution platforms for major event Hollywood films around the globe.

As of April 25, 2014, there were over 800 IMAX theatres in 60 countries.

### IMAX Business Model

IMAX is NOT a movie theater company. They are a technology company.





### Cutting Edge Technology in IMAX Theaters:



IMAX has proprietary sound, 4 to 10 story screens and projector technology that has revolutionized the industry. This portion of the business model is what sets IMAX apart from exhibitors. The aesthetics of the theater experience cannot be replicated at home hence patrons are forced to come back to get the same level of emersion.

## Cameras



IMAX Cameras are leading the revolution for IMAX in Hollywood. The technology is so advanced and the results are so compelling that IMAX can choose which Hollywood movie it wants to shoot.

IMAX has been using its camera for decades making its own documentaries which it sold to Planetariums and Museums. Though that is still part of their market, the majority of the IMAX documentaries are shown in regular IMAX theaters. These award winning documentaries are at the heart of their educational programs and exclusive content.



## The “IMAX” Experience

In January 2013 The New York Time did a Theater Industry End of Year Report

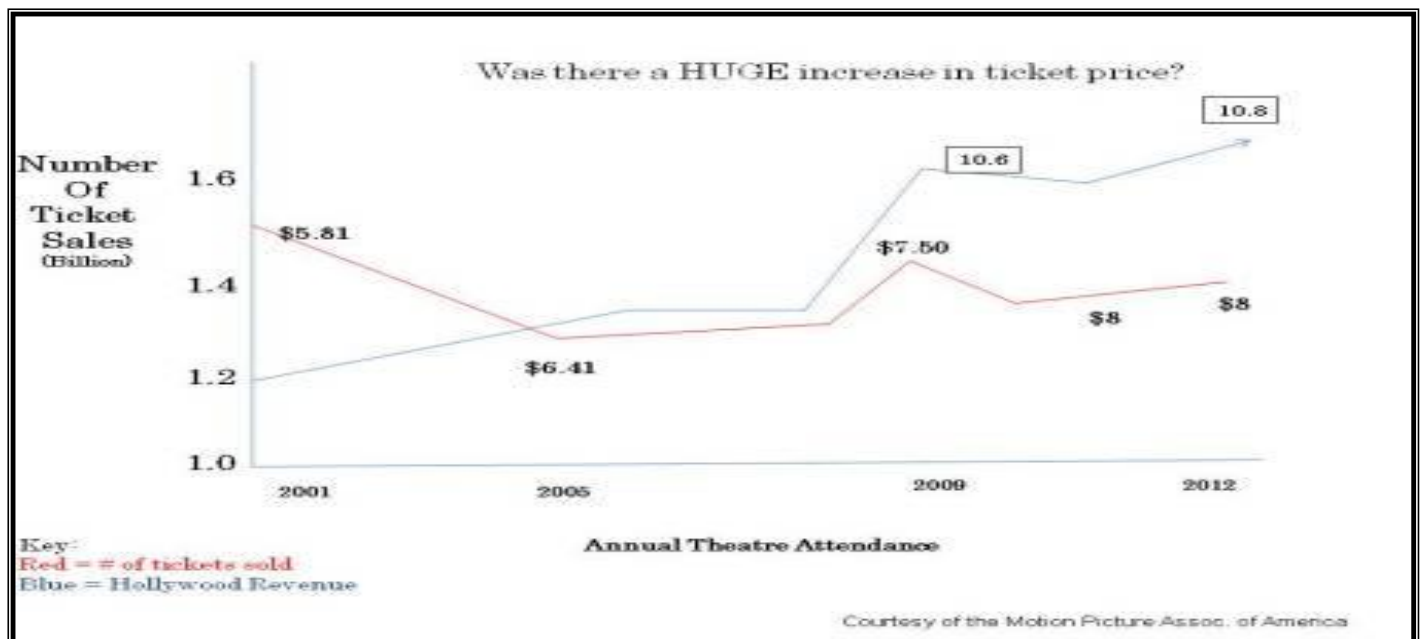


Hollywood Rebounds at Box Office

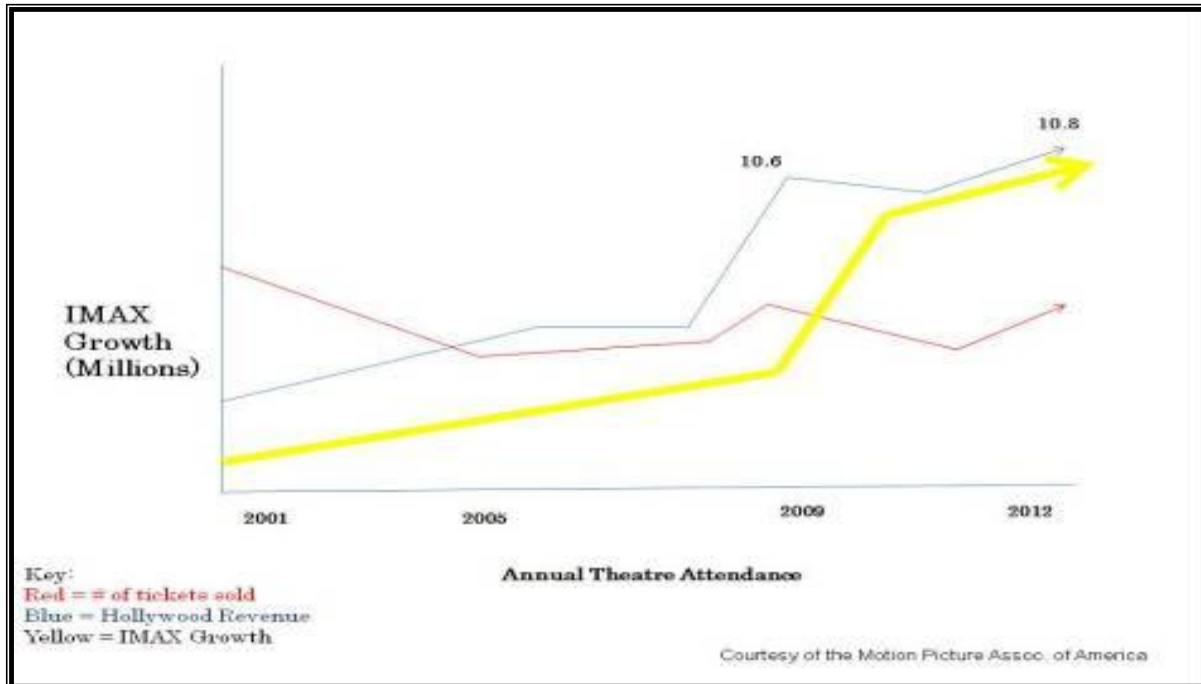
### Noteworthy:

- Hollywood had achieved an all time high in global revenue of \$10.8 billion with a \$200 million year to year increase.
- Attendance during the peak summer season hit **19 year low**.
- Ticket prices had remain the same from 2011 to 2012.

So what was the cause of the change?







From 2009 until now IMAX had become the industry's driving force. In an independent study conducted by the University of California Santa Barbara and published in February 2013, IMAX was credited for saving the theater industry.

### 3. IMAX films are helping to sustain and, in some cases, increase domestic and international box office revenue.

While piracy, new home entertainment options, and shifting windowing strategies continue to chip away at box office ticket sales, IMAX has helped draw crowds to theaters, alongside and in conjunction with 3D films. Exhibitors and critics even suggest IMAX leads the industry rebound in theatrical revenue largely because it creates an experience that cannot be duplicated at home. The money tells the story. In its June 2012 quarterly report, IMAX announced 22.7 percent revenue growth over the preceding year. Moreover, profits climbed 80 percent, reaching \$15 million.

With fewer tickets being sold each year, Hollywood is eager to partner with IMAX to convert films to the Digital IMAX format and increase revenue for each ticket sold. IMAX tickets typically cost 30% more than standard admission, roughly \$15 or more in America's more expensive markets. Moreover, ticket sales for IMAX films tend to drop less week-to-week compared to standard theatrical releases. According to a report by the U.K. firm Dodona Research, revenue from large-format surcharges, including IMAX, will inject an additional \$850 million to total ticket sales by 2016.



IMAX's consistency at the box office has given it value (and power) within the industry. Most obviously, IMAX partially alleviates the gamble studios take on large-scale blockbusters. Employing Digital IMAX and 3D, studios and exhibitors can sell higher priced tickets and boost the revenue on tent-pole films. Additionally, because placement on IMAX's branded screens is limited, studios must negotiate with the company to secure specific release windows. For instance, when *The Hunger Games* did so well with a one-week IMAX run in March 2012, Lionsgate worked with IMAX to bring the film back to IMAX screens in late April. Additionally, after *Avengers* raked in over \$200 million its opening weekend, Disney made a deal with Warner Bros. that allowed the super hero epic to share IMAX screens with *Dark Shadows*, a film that was originally slated to replace *Avengers* in hundreds of theaters. Recent revenues imply large-format projection might become a permanent fixture of the exhibition business.

## Understanding the power of coupling 4DX with IMAX in one cineplex:

- A. From an operational stand point
- B. Leveraging premium brands vs the movie studios

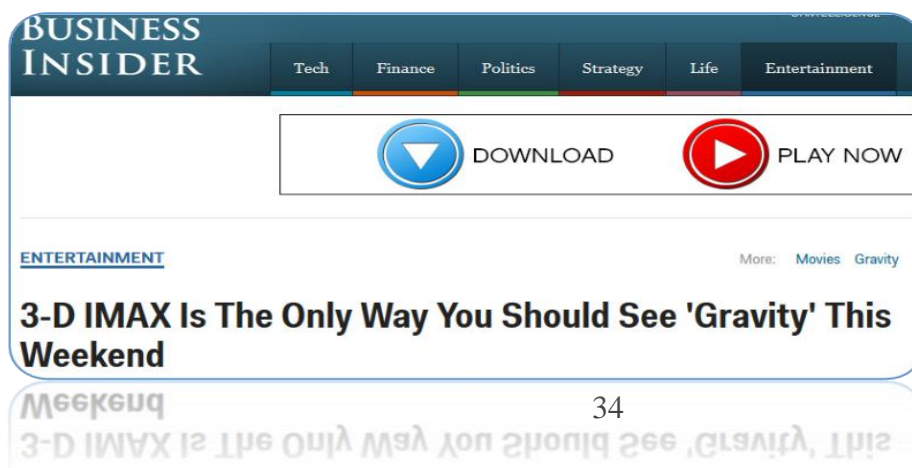
### A. From an Operational Stand Point

Let's use the movie **Gravity** as a recent example of a movie that came out both in 4DX and IMAX.



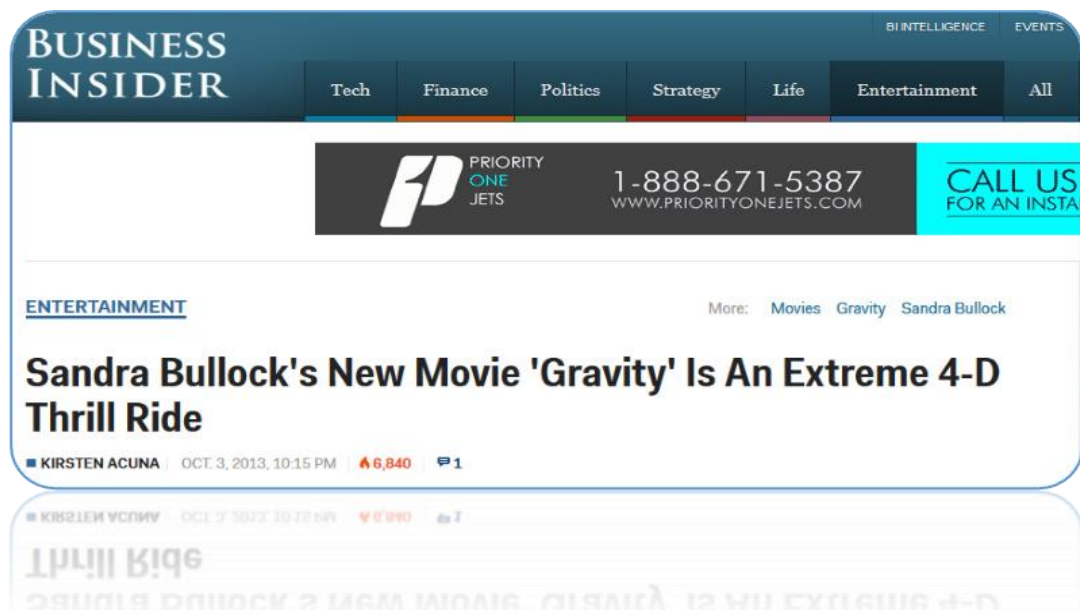
What was the better format to watch the movie in: 4DX or IMAX?

When movie critics were first given the IMAX print they raved:






When the same critics were then given the 4DX print they were shocked:



What about the general public? What was their response to the debate?



**Tim D**  
Oxford, England, United Kingdom  
Senior Contributor  
★ 38 reviews  
15 attraction reviews  
Reviews in 22 cities  
10 helpful votes

**"Gravity in 4DX, a new level of immersion."**  
★★★★★ Reviewed October 11, 2013 **NEW**

We thought it was strange that a cinema was in the top 10 things to do in Bangkok but decided to go and see what all the fuss was about. The complex itself is very impressive and not that packed even on a Friday evening. We'd come for the 4DX experience though and it lived up to the Hype.

Gravity in 2d, 3d, Imax or 4dx would still be a fantastic movie, in 4DX though we seemed to have picked the perfect film to demonstrate all the different effects. I've never felt more attached to a character in a movie before, simply floating around in space and having the chair match the rotations was a wonderful experience. Seriously if you go and see any movie in 4DX make it Gravity.




**Blellum**  
Duns, United Kingdom  
Top Contributor  
★ 113 reviews

### "IMAX experience!!!"

★★★★★ Reviewed 14 July 2013

This has to have been the best cinematic experience I have had. Combine the SE Asian obsession with technology, the cleanliness and huge robots and monsters all in 3D, and you have last night in a nutshell.

Worth going to Siam Paragon for a meal beforehand, then into the IMAX. A great way to end a day in Bangkok!



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**#Gravity in 4dx is good, but the visual impact is best experienced on IMAX (preferably third to front row). Still captivating the 2nd time!**

Problem with this review?

So who is winning the debate? **The movie exhibitor!**


Movie goers are watching the same movie in different formats because the experience can not be replicated at home.



**"Huge"**  
★★★★★ Reviewed 29 June 2013

Brilliant and the 4DX is fantastic with moving seats and lighting and sound like no other. Then we saw a movie on IMAX and that was even better, what a place to watch new movies

maplepools  
Sydney



**"Must visit 4Dx and lmax 3D"**  
★★★★★ Reviewed 16 June 2013

A simple suggestions to all husbands and boyfriends if your better half likes to shop. Let her. You should use the opportunity to try this place for a brilliant movie experience. Its a touch more expensive as compared to prices in India but well worth it. For the Indians crazy about movies, this is exposure to the next level of moving going experience.

vivekdahiya  
New Delhi, India  
Senior Contributor  
★ 26 reviews

This has an added benefit. What this really means is that your customers will be watching the movie at your facility that has the movie in these exclusive brands. Hence you will take the lion's share of the market profits for that particular movie.

This keeps customers away from your competitors.

## **B. Leveraging premium brands vs the movie studios**

**CASE STUDY: Taking advantage of the Premium Brands for leverage against the Studios:**

Assuming that the Showcase with IMAX Theater was open from 2013:

Situation:

Movie Scheduling for the IMAX Screen:

- **Ender's Game** release date: **October 30th 2013**
- **Thor: The Dark World** release date: **November 8th 2013**

**Thor was expected to be a huge success globally.**

Problem:

IMAX signed Thor to come out **7 days early** in **international markets** October 30th 2013



We want that movie early but this will conflict with Ender's Game release date

Solution:

IMAX and 4DX have both negotiated the right to play both Thor and Ender's Game:

- We can use the 4DX on their original date for Ender's Game hence appeasing the studio's desire for the premium ticket.
- We can now accommodate the IMAX early release of Thor on the 30th of Oct. while giving IMAX and the studios what they want: the premium ticket early.



## VIP Theaters

Situated next to the lounge on the second floor will be the VIP Theaters. Besides VIP Club members, this venue will be used for corporate events as well as potential independent film festival screening. VIP members will have access to a secure and private portion of the lounge before and after movies.

Patrons are encouraged to come early and order their meals from the lounge. Meals can be carried into the VIP theaters or served at patrons' seats. Whether it's a complementary glass of wine in VIP 1 or a pillow and blanket in VIP 2, guests will enjoy their luxury experience.

### VIP Theater Concepts

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O&A  
ATAVUS IMAX, NASSAU  
BAHAMAS  
Interior perspective  
Cinema vip\_2  
27.04.2015

# Lounge Sales

## **Philosophy behind the Lounge Concept**

The Showcase with IMAX is more than a movie theater. It's where the community can relax and be entertained. Whether it's a birthday party, a wedding reception or a place to chill with a friend, the Showcase with IMAX can meet that need.

The bottom floor of the facility is more children friendly however the Second Floor is dedicated to adults hence access is restricted for children under the age of 18 years old.

## **Anatomy of the Showcase Lounge**

The essential components of the lounge are:

1. General seating with a fully stocked bar
2. A kitchen with staff for meal preparation
3. Access to the two VIP theaters and the IMAX theater

## **VIP Lounge Concepts**

---





#### 4. Access to the VIP private Terrace.

In this segment of the lounge, access is restricted to persons with a VIP ticket only. Shrouded in tinted glass for privacy, the VIP Lounge has its own bar and staff that also service the VIP Theaters. Hence patrons can order in the VIP lounge and have their food delivered to their seats or order when they sit in the cinema anytime through the movie.

#### **Bottoms Up**

Whether staff are serving movie patrons or hosting a private party, the lounge will be one of the major hubs for the Showcase with IMAX.



## II. Lakeview Restaurant & Terrace

The restaurant in the Showcase with IMAX is tentatively called Lakeview Restaurant. This full service, high casual eatery will be designed and managed by Mr. Peter Rounce, a seasoned restaurateur. (See list of Consultants)



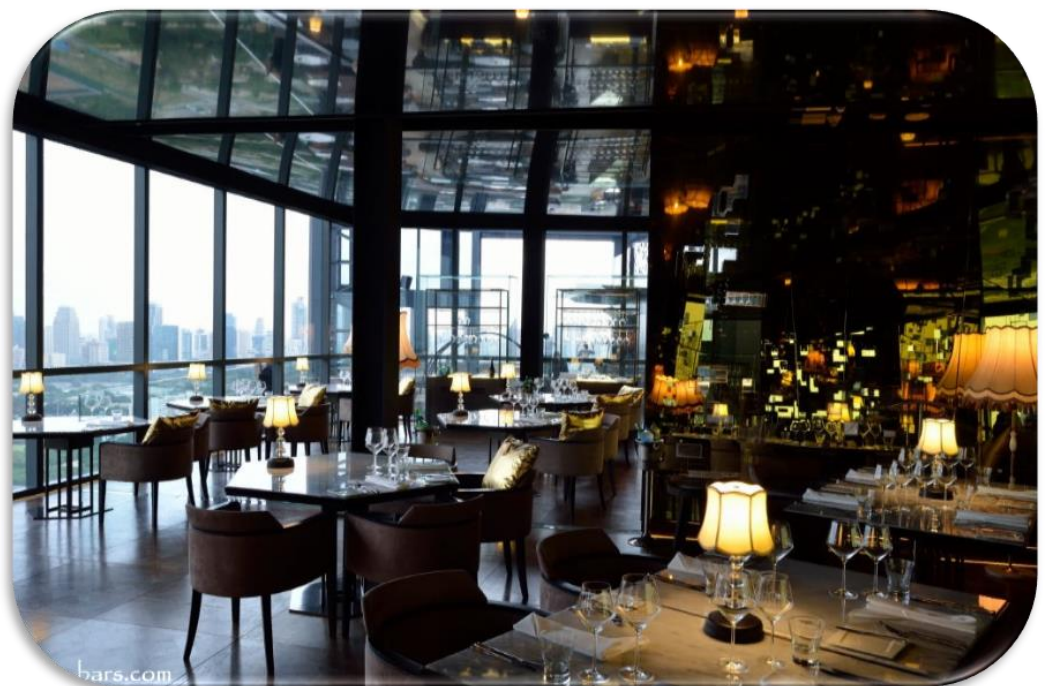
Mr. Rounce has launched and successfully managed many franchises and stand-alones services in the Bahamas such as:



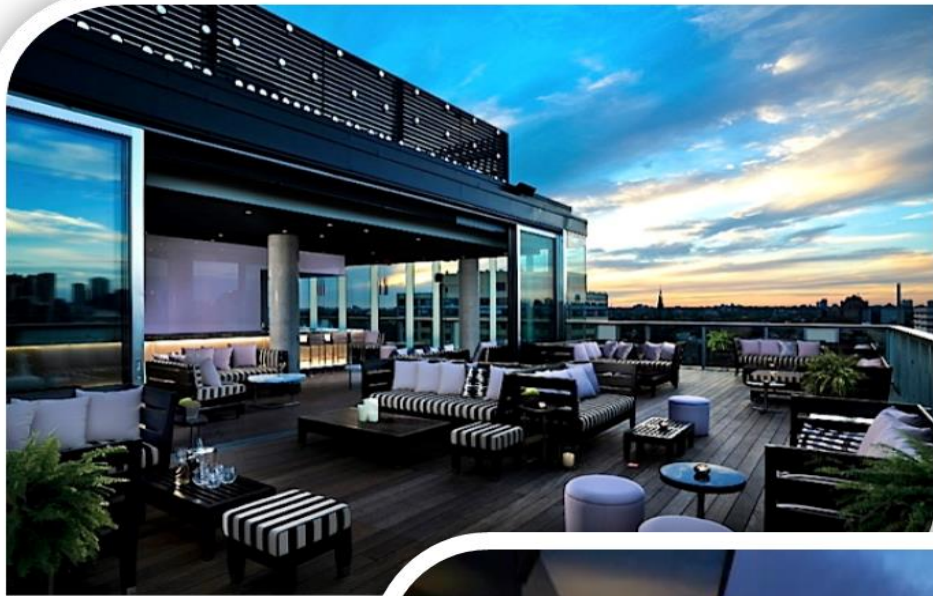
Atavus Group knows this will be a beneficial relationship. From a design perspective, these are the concepts this Lakeview restaurant will be exhibiting to patrons.

### Restaurant & Roof Top Lounge

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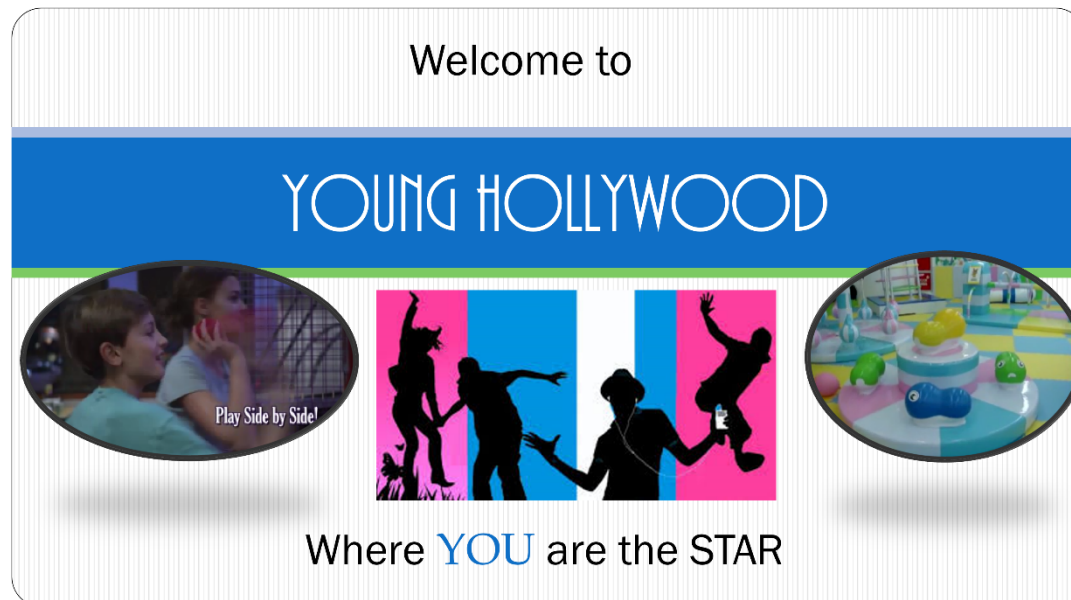




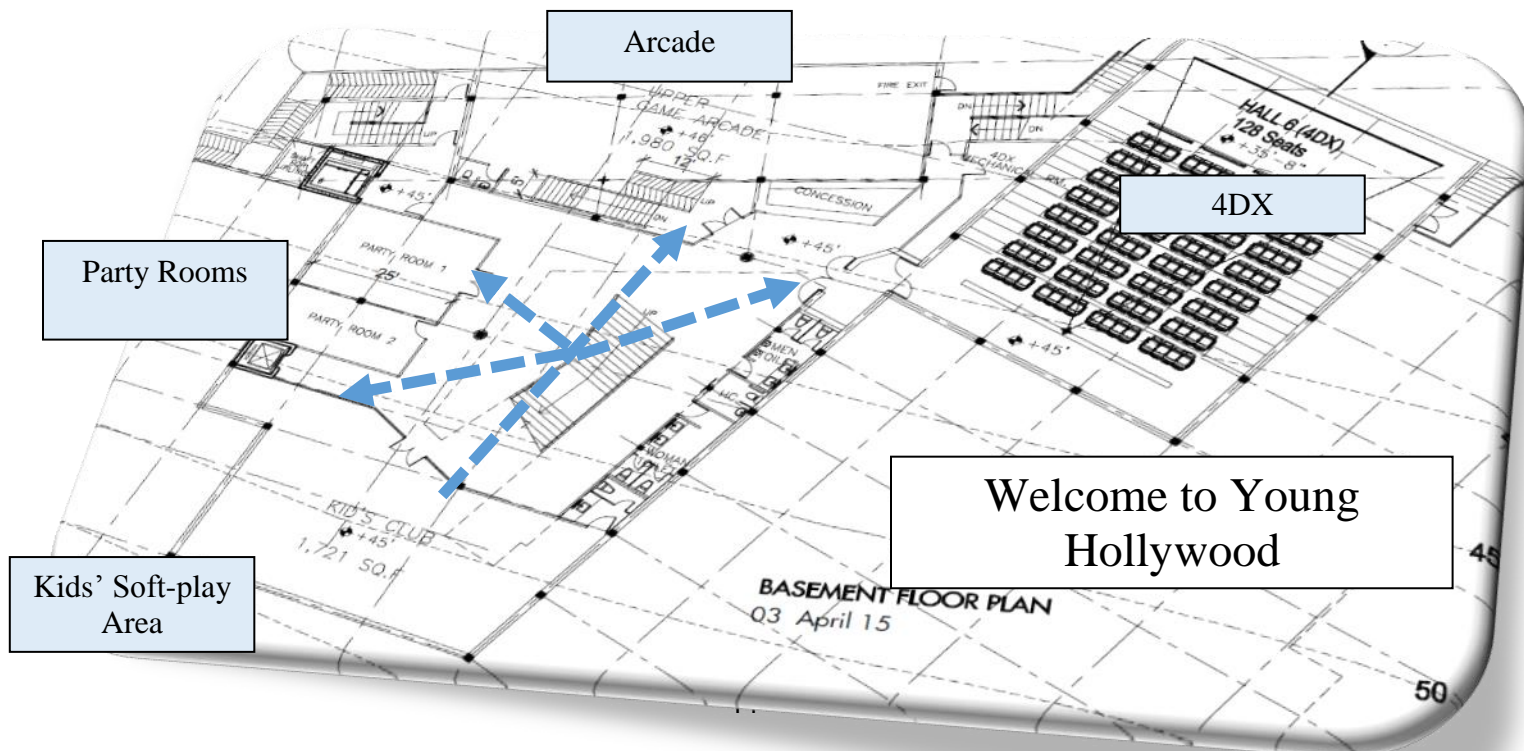


### III. Young Hollywood

The Cineplex is the main selling point of the Family Entertainment Center; however the secondary attraction is where the Showcase business model truly shines. Showcase with IMAX will present a new concept to the Bahamas:



Situated on the lower level of the facility, Young Hollywood will cater to the younger



demographic.

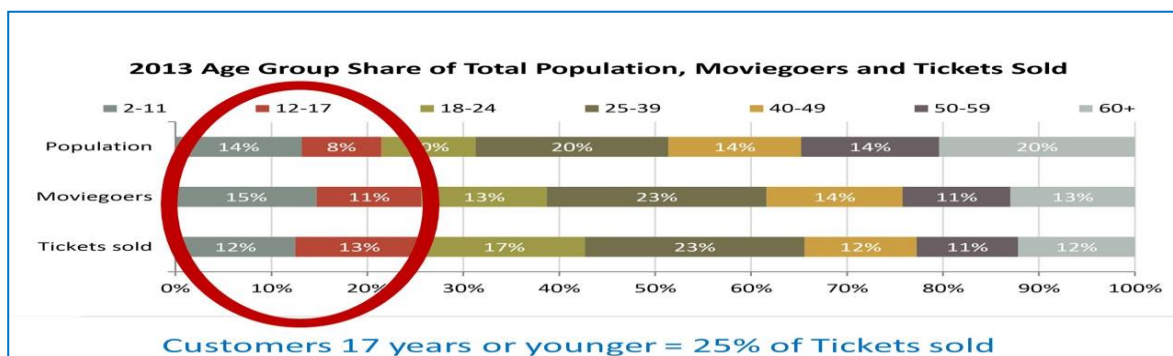
Before going over the strategy for the lower level, it is imperative to understand why this demographic group was chosen as the emphasis of the secondary product mix.

The two underlying reasons are based on:

1. Global Industry demographic data of the main attraction ( the cinemas)
2. Local Demographics data

## 1. Global Perspective:

Understanding the high dependency of Cinema on young patrons is demonstrated in the following:



Courtesy of the Motion Picture Association of America

Kids are a very important demographic of a Cinema-based FEC. Therefore, whatever secondary product mix conceived must cater to that target group. These auxiliary attractions remove frustrations associated with sold-out movie times or not having a kid's movie to show.

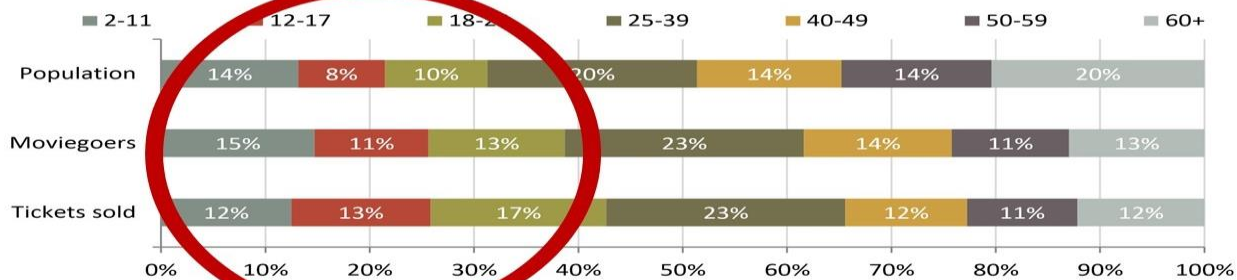
## 2. Local Demographic consideration on the secondary product mix

For Theater- based FECs, the correct product mix drives viability. The goal of the secondary product mix is to complement weaknesses in the main attraction's portfolio. Understanding the local population makeup is essential to this. Consider the following:



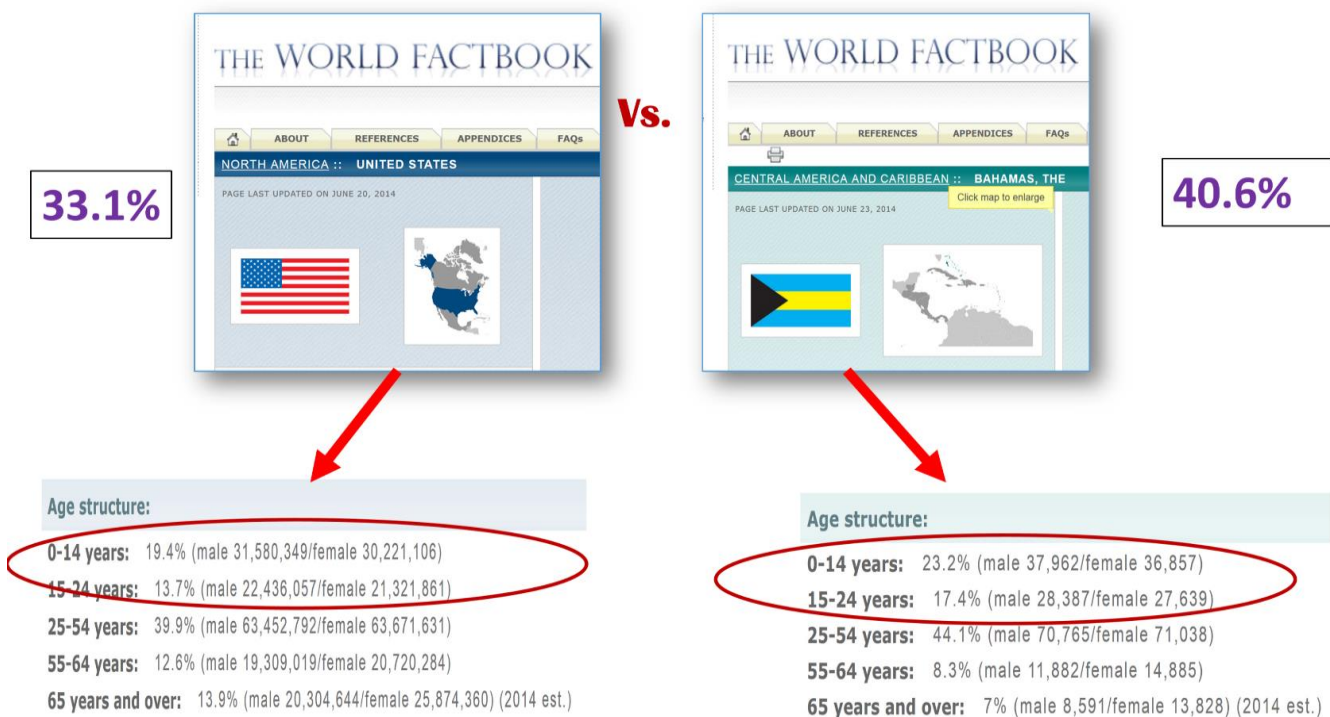
Previous analysis of the main attraction's demographic only 17 years and under crowd. For the Bahamas it is more relevant to look at '25 years or younger'.

**2013 Age Group Share of Total Population, Moviegoers and Tickets Sold**



**Customers 25 years or younger = 42% of Tickets sold**

Why is this important in the Bahamas? An amazing 40 % of the country is below the age of 25 years compared to only 33% in the U.S.



This means that having age appropriate content is even more important. With more than 23% of the population under the age of 14 and an average age of first birth

amongst Bahamian women at 26, the population is geared towards child based entertainment.

## **Kids Party Strategy**

### **Current State of Industry**

The party industry in the Bahamas is divided into the following sectors:

1. Restaurant and fast food chain with and without dedicated play areas
2. Hotel with and without dedicated play areas
3. Family Entertainment Centers
4. Party Equipment Providers

Most parents want to avoid the headache of the after-party mess. Party venues are a way to fulfil their own childhood party dreams without the disorder.

## **Competition Analysis**

In the Bahamas, the economy has made the fight to host parties very fierce. However, numerous obstacles stand in the way of these companies. A look at each venue reveals these issues:

### **1. Restaurants/Fast Food Chains with and without dedicated play area**

- Problem (1): Very rarely do these companies have dedicated, trained staff specifically oriented to host parties for an hour or two.
- Problem (2): Most of these venues have little to no play areas dedicated for kids. If they do have a small area it's usually for one age specific range. This thereby limits their potential.

### **2. Hotels with/without dedicated play areas.**

- Problem 1: Venue pricing can escalate very quickly.
- Problem 2: Food and beverage are usually more expensive than fast food options
- Problem 3: Unfamiliar environment for families and their kids.

### **3. Family Entertainment Centers (F.E.C.) e.g. Mario's and Mr. Pretzel**

F.E.Cs are perfectly positioned to dominate the party market. The problems described earlier cannot be attributed to the same.

- They have dedicated staff

- They have reasonably priced food and beverage
- They have cheaper rental spaces

### **Differentiation from the Competition**

F.E.Cs have the potential to dominate the party scene in the Bahamas. Separation between F.E.Cs is determined by two factors:

1. Basic Party packages
2. Amenities

#### **1. The Basic Package**

It's of utmost importance to understand the necessity of a quality 'Basic Package' for parties.

It is the single biggest determining factor when parents are looking for a party venue. The proverbial 'minimum' price is what draws parents in:

- If the basic price is too high, the other amenities won't matter.
- If basic package does not cover the minimum requirements by the target audience, then the perceived value is lost.

Currently in the market; it ranges from (Mario's \$250) to (Mr. Pretzel \$350)

For between \$250 and \$350 (minimum of 8 people) customers get:

- A drink
- A slice of pizza/pretzel
- Seating for 8
- 1hr time slot
- \$10 of bowling/tickets

This is considered value in the market. Young Hollywood will come in at a base price of \$250 and match the standard package. However, this is where matching ends. With state of the art HD TV in both party rooms and cinema specific theming, all comparisons cease.

## Introductory Phase

- Allow online/ or facility booking of parties yet require hostess assignment for confirmation purposes
- Empower hostess to upsell the other amenities of the facility.

## 2. Amenities

The maximum viability of a facility's party revenue is dictated by the amenities it possesses.

In today's economic environment, value has taken on new meaning. Allowing parents



to fulfill their dreams for their children, yet within their budget, is paramount. Providing value requires a level of customization and flexibility which must be reflected in the facility's amenities.

Amenities, which will be added to the basic party package, are as follows:

### **Killer Apps.**

The main target group that the party area will cater to is between the age ranges of 4-15 years.

Killer Apps refer to an amenity that sets apart the party experience from anything currently in the market. Even if the competition duplicates one of the following; it is the sum of its parts that makes for a compelling and enjoyable party environment.

Killer Apps are components that focus on the entertainment needs of each group without removing the focus off the kids. Great care has been taken to place these products strategically to avoid conflicts while maximizing profitability.

Market %	Target Group	Killer App.	Untapped Market
80%	Toddler to 7yrs	Playbox	*Expats *Kindergarten/ Nurseries *Single Parent



### Playbox Business Model:

Assume the following:

Opening hours of 10 am to 10 pm during high season (June, July, August, December)

Highest attendance 3pm to 6pm - weekdays      Highest attendance 4pm to 8pm - weekends

Charge \$5 regular fee for 30 minutes intervals	\$ 5.00
Charge \$4 weekdays before 3pm	\$ 4.00
Charge \$3.50 on Mondays whole day (special)	\$ 3.50

With over 1700sq. ft. of play area, Playbox present a unique revenue opportunity. The Hostess can upsell the amenity for parties as it is the only one of its kind in the



Bahamas, limited up to 7yrs, parents can watch their kids in a comfortable and secure environment. With a price tag of under \$60,000 the ROI is under six months.

Market %	Target Group	Killer App.	Untapped Market
10%	8-17yrs	Atomic Rush	Youth Group

## Atomic Rush

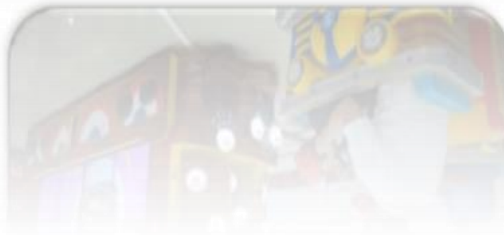


Think you have cat-like reflexes? Prove it in ATOMIC RUSH. Here's how it works. Choose one of 4 colors to play independently or against as many as three friends. The object is to tap as many of your colored lights within the arena in a 60-second time period as possible. With several modes of play, including scramble that requires you to run around the entire arena in search of your colored light, you are bound to feel the RUSH!

Atomic Rush is the perfect upsell product for older kids that want to compete against each other. With ROI 4 times the average arcade machine, Atomic Rush will be a party sensation.

Market %	Target Group	Killer Apps.	Untapped Market
10%	Family	Fun House	Parents at party that sit there bored (Fathers)

## Fun House



Imagine a ride for a family of 8 that rewards the family with tickets and prizes. Imagine no more; this interactive experience will bring families back time after time. With over

14 different games to compete against each other or with each, the possibilities are endless.



## Basic Party Package

### C. Movie Component

The Movie component of the Party Package is a very robust program.

✓ Hollywood Content

This component's availability is based on numerous factors:

- Age appropriate content
- Movie release dates
- Not shown until after 1pm daily

Because of these features movie titles must be booked the Tuesday of the week preceding the party.

✓ IMAX Educational

This component is very interesting, in that parties can be themed for these films. However these parties must be between the hours of 9am-12pm

✓ 4DX Component

4DX is an exciting format. Most films last between 9-11mins hence parents can enjoy the experience and the other money makers (Arcade/Playbox) can still be fully explored.

Limitation:

- Only between the hours of 9am-12pm on the weekends
- By request only during week days with an average party size of 20 and above.

✓ Alternative Content

Alternative content refers to an assortment of programs that can range from Russian of Ballads to the Barbie pre-DVD release event.

Limitation:

- Subject to availability
- Subject to age appropriate content

## **D. Arcade**

Note: Arcade covered extensively in Arcade Report.

From a party perspective, arcade is a vital component/activity for adding value.

Arcades take care of the individual component of the party. Some party goers want to compete against each other. Other members want to win prizes. No matter whether it's individually or collectively, the arcade is stocked to meet their needs.

## **E. Food and Beverage**

Whether it's the basic pizza and soda or a more complete meal, the facility is versatile. Having a full restaurant on the property is important for 'made to order' events.

Whatever the needs of the guests, the hostess has the flexibility and tools to serve the customer.

## F. Guardian and Chronosplay

These technologies are the gatekeepers for the arcade as well as the Playbox area.



**iGuardian Child Matching Security Feature**

**iGuardian** is a security feature which pairs a child and a guardian to prevent an unauthorized person from leaving with a child.

**iGuardian**, can be installed at any entry and exit point to complement FECs own security procedures and includes the following components:

- ☐ Cards and wristband
- ☐ Turnstile
- ☐ Barcode Scanner
- ☐ Security procedures

Enrique Cavanzo  
Sales Manager for Latin America & the Caribbean  
Mobile: +314-258 4400  
Skype: ecavanzo  
Email: [ecavanzo@intercardinc.com](mailto:ecavanzo@intercardinc.com)  
[www.intercardinc.com](http://www.intercardinc.com)

**INTERCARDINC.COM**

The advertisement features a green and red header with the 'intercard' logo. It includes a small inset photo of a child and an adult in an arcade. The main text describes the iGuardian security feature, which pairs children with guardians. A list of components includes cards, wristbands, a turnstile, a barcode scanner, and security procedures. Contact information for Enrique Cavanzo is provided at the bottom left, and the website 'INTERCARDINC.COM' is at the bottom right. Images of a turnstile, wristbands, and a barcode scanner are also shown.

All of these amenities are fun and add value to the customer experience. However, safety and security is the number one concern for parents.

Guest must feel that they can trust that their environment is secure. Besides cameras and security personnel, parents also want to keep track of their offspring. To this end, Guardian and Chronosplay are the gatekeeper technologies that safeguard the children on the property.

If a parent wants to leave a child/children in the arcade playing games while they enjoy a movie, iGuardian can handle that. iGuardian is a software/hardware solution that pairs children with parents. This provides security, convenience and value.

### Security

The parent(s) and child/children get a wrist band. This serves 2 functions:

1. Only the parent can scan the child/children out.



2. The child/children cannot leave the designated area alone. In the case of the arcade, turnstiles prevent little precious ones from escaping into the rest of the facility.



### Convenience

Chronosplay is a convenient way of making sure kids can be monitored by parents while in their movie or at a restaurant without leaving their activity.

### Value

Children can also perform cashless transaction when the allotted funds run out at preset limits by parents.

**Note:** Additional features include

Playbox time monitoring

1. Parents can preset time slots for playing privileges around their party time.
2. Parents, Attendants and Hostess can visually see when paid time is up.

This comprehensive approach to the party business model is vital to market penetration. A separate report is dedicated to the same.

# IV. Advertising Revenue



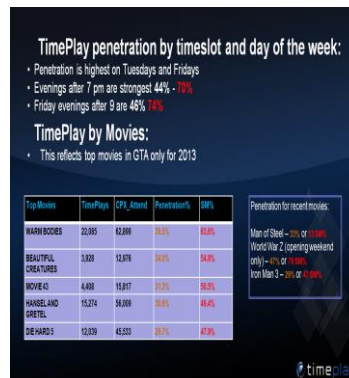
## Regular:

- ❖ 10 regular digital screens to sell Ad space
- ❖ 5000 sq. ft. lobby perfect for large displays and cross promotions like Car and bank shows
- ❖ Over 45 Digital displays throughout the facility to convey messages to the customers.
- ❖ Second Floor lounge with relaxing patrons seeing your ads.

## Specialized:

- ❖ IMAX screen: With a 6 story screen, advertisers have the biggest canvas in the Caribbean
- ❖ 4DX: See 4DX section for details on its revolutionary ad potential
- ❖ TimePlay: This interactive software allows the audience to compete on screens against each other. Games and prizes have been used to dramatically increase sales volumes due to the high brand exposure.

- ❑ Outside, on the exterior of the 6 story IMAX screen will be a large 'Las Vegas Style' Digital Display for Ads
- ❑ There will be an external billboard showing trailers, movie/event show times as well as ads.
- ❑ There will be numerous digital displays along with traditional poster ads on the external wall of the facility.



The Showcase with IMAX site:

- i. Advertising will be interwoven within each section of the site
- ii. 15 sec commercial space will be available before patrons can view trailers.
- iii. Based on the combination of sponsorship with ads, pages like the lounge section can be skinned (branded ) to reflect the products and services
- iv. Direct placement of links from the Showcase with IMAX site to the advertisers site.
- v. Banner Ads and Side Bar Ads
- vi. Pre-loaded commercials for advertisers' products can be place on the site

Facebook Exposure:

Advertisers can participate in cross promotions at our various social media sites.

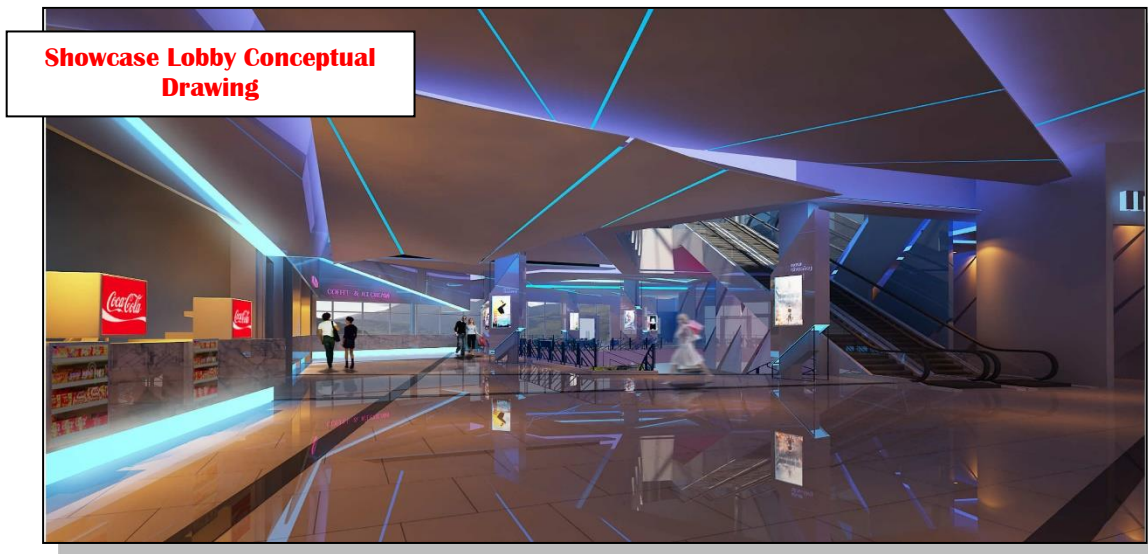
## V. Concession Strategy

Concessions are usually a reflection of a capture rate in relation to total movie attendance. The global theater rate fluctuates between 25% and 35%. The Bahamas is said to have one of the higher capture rates. However, after Jim Patterson's assessment of Galleria's concession chaos one must wonder what is its true potential.

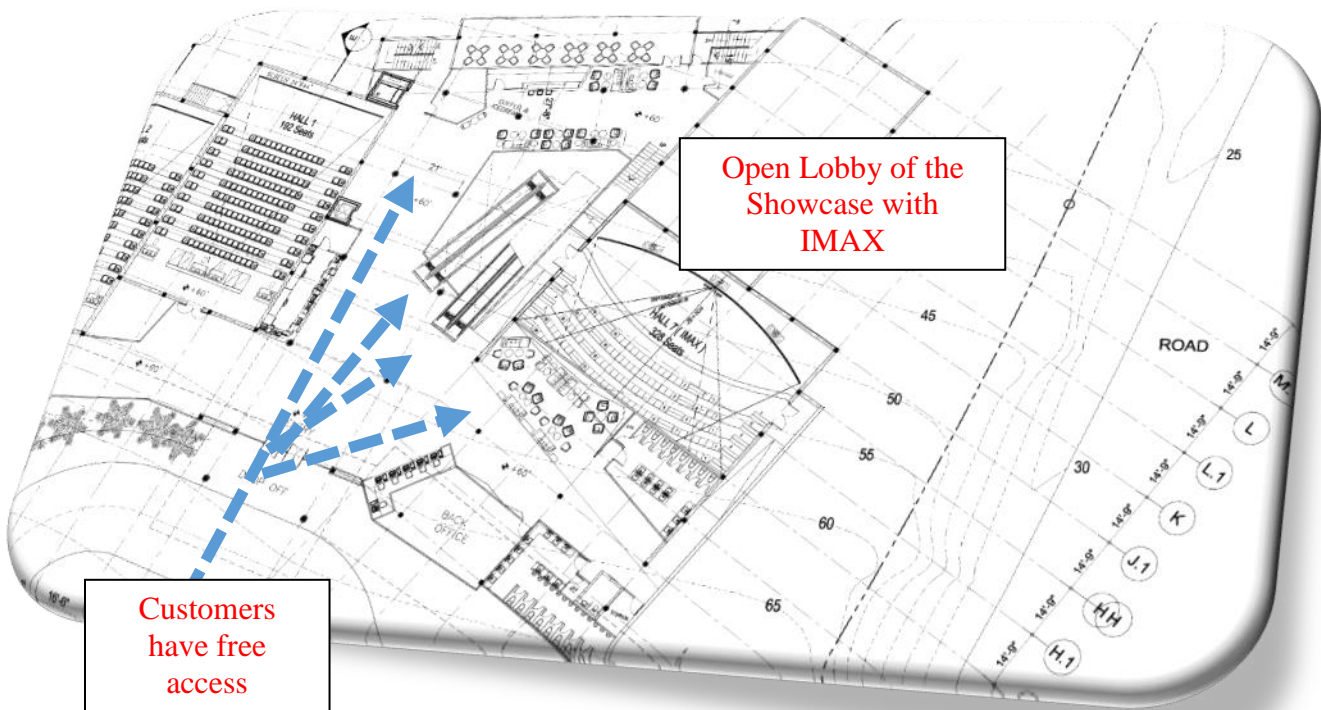
There are five (5) limiting factors affecting concession capture rate:

- ✚ The Physical Structure of the Lobby
- ✚ The Products being prepared and sold
- ✚ Proper scheduling of movie start times
- ✚ Proper Staffing and Training
- ✚ Concession Line Management

### The Physical Structure of the Lobby



History has shown the importance of proper planning in the lobby in a cineplex. Bahamian theater companies like RND Cinemas and the Shirley Street Theaters had cramped lobbies that interfere with concessions sales. Often, patrons looking to buy food and people entering or leaving the theater would interfere with each other. With a 5000 sq. ft. Lobby, food being served in the lounge and multiple ways to exit the facility, the Showcase will not encounter that problem.



### Products being prepared and sold

The Showcase with IMAX will bring many new items to the Bahamian public that will be well received:

🌈 Asian Gourmet Popcorn in Four (4) flavors:

Cheesy

Strawberry

Caramel

Regular





- ☛ Coffee and Ice cream are also available as part of the initiative to expand concession choices to patrons.



These are merely a few of the initiatives the Showcase will be instituting to increase sales and decrease customer frustrations.

### **Proper scheduling of movie start times**

It is a common practice to start multiple movies around the same time or separated by mere minutes. This causes a cascade effect in the lobby. All the patrons are arriving, getting concessions and leaving at the same time. This again, leads to less concession sales.

Having a stagger approach to the movie start time of 15 minutes would easily decrease the clutter. There would also be a side benefit of different movie start time. Bahamians would have to check on your show times. This would thereby help the Showcase stay in consumers' minds even when they are not at your facility. This is part of brand building.

## **Proper Staffing and Training**

An essential part of customer service is proper staffing with continual training modules. The customer is ALWAYS right cannot be a cliché. Concession sales live and die with staff attitudes coupled with prompt and courteous service.

The Showcase will start training of staff months before opening. Mr. Jim Patterson, an expert in theater training modules and simulations will oversee this important part of concessions.

## **Concession Line Management**

Where a company employs the McDonalds tactic (*Multiple lines to give the illusion of choice*) or the Wendy's approach (*One single line with multiple servers to hide the slow employee*), concession line management requires an understanding of situational awareness.

In the Cinema Business, management wants butts in the seats as early as possible to watch those commercials. It behooves everyone to be served promptly.

At the Showcase with IMAX an innovative solution to line management is under development. The CEO is a strategic line management expert and along with Mr. Patterson, line frustration will be a thing of the past.

# VI. Sponsorship

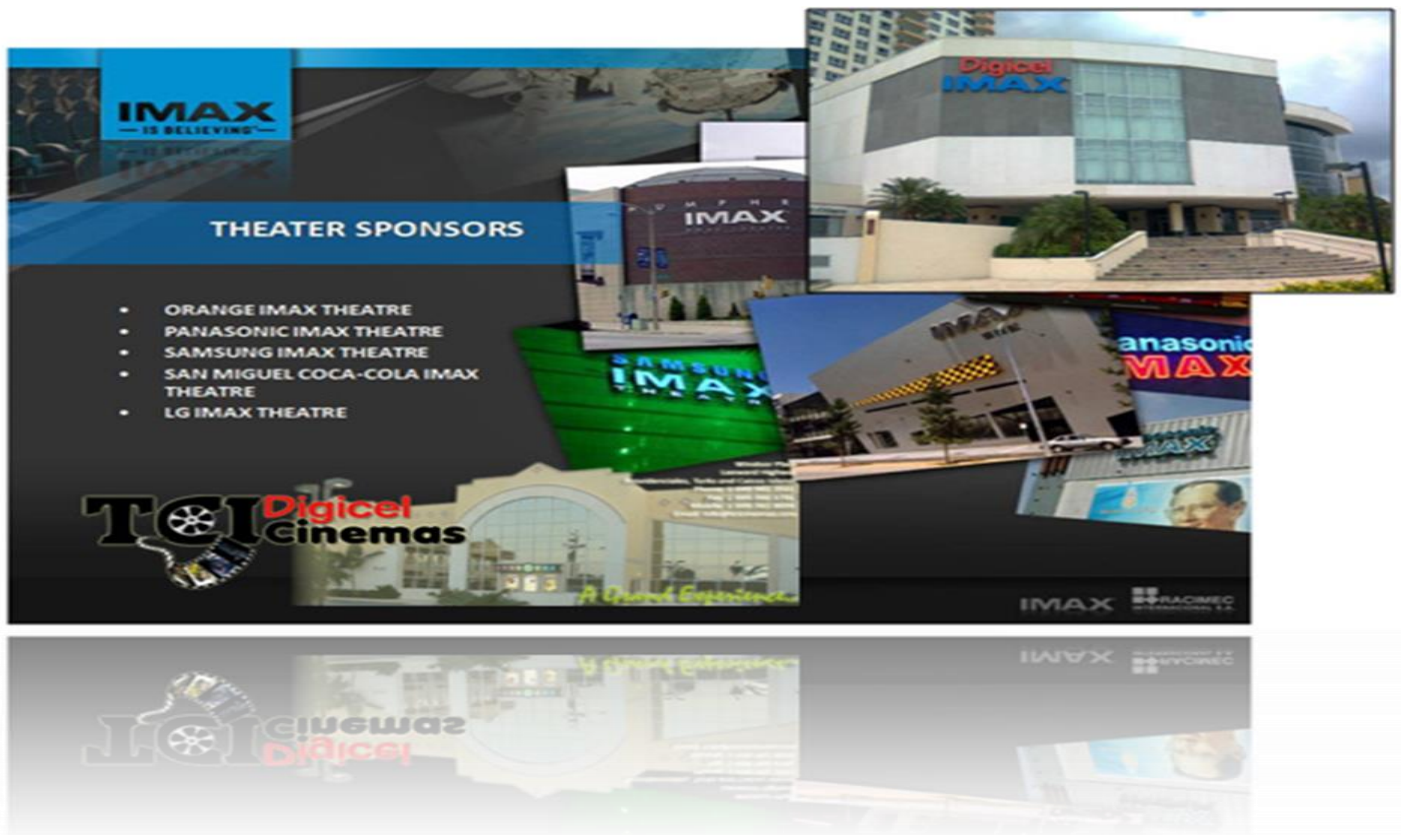
## Sponsorship Program

IMAX Corporate Sponsorships represent over \$1.0 Million in fixed income and is a means by which companies can *rebrand themselves if they are a known entity or build corporate equity in the community if they are a new company.*

### Sponsorship Types:

These categories of sponsorship are meant to give clients a clearer picture of what is available and show potential cross promotional scenarios.

#### 1. Overall Cinema Naming Rights



## 2. IMAX Theater Sponsor



## 3. Educational Sponsor





## IMAX Educational Program Endorsements in the Bahamas



Bahamas National Trust



Bahamas Union  
of Teachers



Bahamas Reef  
Environment Educational  
Foundation



Museum  
of  
Discovery and Science

### 4. Lounge Sponsorship



## 5. Lobby Sponsorship



## 6. 4DX Theater Sponsor





## 7. VIP Theater Sponsor



## 8. Kids Club Sponsor



What makes our kids club different



## 9. Concession Sponsor



## Introduction to IMAX and Theatre Sponsorship Programs

*The Atavus Group has contracted Jim Patterson of Major Cineplex to structure the sponsorship program (He has completed about 50 cinema sponsorship programs that have lasted an average of five years or longer)*

## Sponsorship Process





An introduction to the project has been given so this outline will focus on the process of building a sustainable sponsorship/co-promotional program and the types of benefits that can be explored. It is just a general introduction.

Firstly it is imperative to understand that this is not a process of the cinema just making a proposal (here are the costs and benefits of the gold and silver program, for example). Rather the program (and price of program) must be explored and developed together to ensure it fits the objectives and budgets of both parties. This is the only way it is sustainable, and even then it needs to be reviewed, updated and improved upon on a regular basis. This is particularly important for the exclusive naming sponsor as neither of us wants to later "de-brand" as it would send a negative message for both of us to the consumer as to "what went wrong". So we need to create a program that is justifiable and flexible, which means both parties must participate in forming it.

There are many types of possible benefits but they generally fall into the categories of branding (and brand association), communications on site, communications off site (mass communication and communications to your customers), benefits to your customers and 'others' (see below).

In general this project will be positioned substantially higher than any existing venue in



the Bahamas, offering the potential for great PR events and coverage, great brand association and the best (most appreciated) benefits to customers in the entertainment field. Some specific examples of what can be explored include:

## 1. Branding (If naming Sponsor) and On Site

- The theatre/complex is always referred to as the "Sponsor" IMAX Theatre (or whatever else in the project is named)
- The association is with the best entertainment in the country and a good corporate citizen (as IMAX does a great deal with education and CSR) as well as the association with quality.
- 4DX is very unique and very popular with customers so both the association and any customer perks are highly valuable.
- There will be interior and exterior signage with the sponsor's name. This can be very comprehensive and include details like signage on entries, uniforms, waste baskets, in wash rooms, directional signage, concession packaging (popcorn boxes that are themed and taken home for example), etc. etc. This is an area to be mutually developed.
- On screen ads in which the naming sponsor gets the best position (before main feature). Also a mobile phone server can do the "please turn off your phone" message on screen that can be "fun". A sound test is another option.
- Events on site for your product launches and new programs
- Sponsors get tickets and presence (including displays) at film launch events and other events done by the complex.
- There can be a permanent on site display that promotes your company and brand. Ideally this is also entertaining/interesting for movie customers and can be very effective. This can be powerful so needs to be mutually explored.

- There can be temporary acquisition booths on site (as developed together)

## **2. Off Site Communications**

- Name on all newspaper ads
- Often we (especially as we have IMAX and 4D) can barter ads and promotions that promote your name and brand. For example, this is common with radio, magazines and outdoor advertising.
- Social media, our web site and your web site will communicate privileges to your customers and events coming up.
- You can show trailers and other cinema info for your smart phone customers.
- We may have off site events and promotions (to be developed together)
- You can use IMAX and other theatre brands offsite in your communications and drives with customers

## **3. Privileges and Benefits to Customers**

- Free tickets and shows (need to be developed together as royalty costs involved, so need to be limited). This and other benefits can be tiered to reward your best customers.
- Discounts and two for ones for your customers
- (Free seat upgrades for your customers (they get best seats and we can provide at no cost in the program so unlimited)

- Free popcorns (or Coke) to your customers
- Priority lanes to buy tickets
- Priority to book shows and special shows for your customers
- Premiums that may come from other sponsors/supporters, studios, etc.
- Contests to win prizes and only your customers are eligible.

#### 4. "Others"

- CSR events that you support. This may range from free shows to underprivileged to fund raiser events to support your charities.
- You are given credit for the important educational role that IMAX fills in the community. Many films are educational and can be shown in the mornings as "the ultimate field trip". We can offer greatly reduced pricing to students and give a sponsor the credit for supporting this program and making it possible.
- Discounts, free shows, and premiums for your staff.
- Use of the facilities for your PR, management events etc
- Many Internet options to be explored
- IMAX naming sponsors are listed on the IMAX site
- This is an area where we can get very creative and must mutually create.

Note:

This is not meant as a complete list at all. It is just to give an idea of some of the benefits given in other such relationships with IMAX, 4DX and cinema.



# VII. Educational Program

## Launch of the Educational Program Format

### General Variables & Considerations:

- During focus groups Educators showed great interest in the Educational Options and further stated that Government should not be initially contacted or the process might get political.
- Schools indicated that dealing directly with Teachers and Principals prevents the government from interfering with schools' direct financial benefit from scheduling the trips.

### Strategy:

- Bring the teachers in for free showings and previews of Educational Programs
- Allow them to bring a test group of Students to gauge experience
- Coordinate school material/ curriculum: Negotiate lectures and career days for the IMAX auditorium
- Implement a fee sharing/ rebate arrangement with Schools as income incentive

Home

## Digicel IMAX treats teachers

Published: Thursday, September 22, 2011

 Like  Tweet  +1  0

Text Size: 12px ▼

The newly-opened Digicel IMAX successfully hosted its first teachers' screening on September 10. Teachers from various schools across Trinidad were treated to the movie Space Station 3D at the new cinema located at One Woodbrook Place. Space Station is the first-ever IMAX 3D space film from the IMAX library of educational movies and documentaries. Teachers and children alike were astounded with the crystal clear images, phenomenal sound and 3D quality of the movie, while many screamed, hands outstretched, in an attempt to touch the stars and astronauts featured in the movie.



Teachers and children in line to see Space Station at IMAX, One Woodbrook Place.

"This is a great experience for children and even adults. The 3D is unlike anything I have ever seen! I am definitely returning with my class," one teacher stated. Digicel IMAX will primarily screen Hollywood blockbusters, however, it boasts of a selection of educational movies transporting patrons from jungles to coral reefs to even the galaxies of outer space. The objective is to offer students "The Ultimate Field Trip" at the cinema. Space Station 3D is currently showing at the Digicel IMAX and is open for bookings from schools and interest groups. Born to Be Wild 3D, an educational feature, will also be launched during this school term. It is narrated by Morgan Freeman and has opened worldwide to rave reviews. It tells a heartwarming and intriguing story of orphaned orangutans and elephants and their rehabilitative journey from captivity back to the wild. The Digicel IMAX theatre will continue to host screenings for educators.

• Interested parties can email [edu@imax.tt](mailto:edu@imax.tt) or call 299-IMAX for further information.

### *Important Note:*

The Ministry of Education's budget was cut by **one third**. Public Schools are now scheduling 2 to 3 student fun days monthly to try and manage the financial short fall. Private schools have lost their government stipends and are also struggling.

Educators stated that if The Showcase with IMAX is willing to give them \$2 of the \$10 price point that they will come in droves. With over 210 schools and 77,000 students within an 8 mile distance, IMAX's education program has great potential.



### IMAX Educational Program Endorsements in the **Bahamas**



Bahamas National Trust



Bahamas Union  
of Teachers



Bahamas Reef  
Environment Educational  
Foundation



SW Second Street, Fort Lauderdale FL 33312  
Phone: 954-467-6637 Fax: 954-467-0046

Museum  
of  
Discovery and Science

This IMAX corporate strategy was implemented at Digicel IMAX in Trinidad and Tobago

Results:



Note:

Because of the great distance between Digicel IMAX and local schools in Trinidad and Tobago the price for transport is very high. Yet the program is successful. Ingrid Jahra, CEO, Digicel IMAX stated that having so many schools so close to The Showcase with IMAX will be an economic pillar for the organization.



# Bahamas Entertainment Industry

## Overview

The Department of Statistics of the Government of the Bahamas has provided information from the 2009-2011 censuses that states 3.5% of Bahamian income is spent on entertainment. From a total annual population income of almost 3.6 billion dollars, this averages a 126 million dollars a year local market. If dining out is combined with entertainment, the total expenditure is almost \$400 million.

### Sources/Forms of Film Oriented & Family Oriented/ Social Outings

- Movies (Available Daily)
- DVD Rental (Available Daily)
- Concerts (Seasonal)
- Night Clubs (Weekend Oriented)
- Comedy Show (Seasonal)
- Karaoke (Weekly)

Other cultural events are seasonal and include activities such as Regattas, Junkanoo or the Carnival when it is in town.

### The Major Sources of Entertainment are as follows:

- Night Clubs ( Adults only )
- Galleria Cinemas ( price point for family of four: \$20-28)
- Mario's Bowling Alley (price point for family of four: \$60-80)

This is one the major reason movie theaters have been a staple of the **family experience**.

### Understanding the Bahamian Market and IMAX Sustainability

To appropriately assess the Bahamian market (a nation of approximately 300,000 people) for IMAX requires suitable existing models for comparison. In the western hemisphere, the United States as well as Trinidad and Tobago fit this criterion. The latter has the recently constructed Digicel IMAX owned by Big Screen Entertainment.

Mrs. Ingrid Jahra, CEO of the same, is a consultant of Atavus Group Ltd on The Showcase with IMAX project. Understanding the market sustainability for IMAX requires four components for proper brand development.



### **1. Defined Customer Base:**

The North America Theater Owners (NATO) association, with the help of the Motion Picture Association of America, defined GLOBAL theater patron demographic.

< 24 years (%)	25-39 years (%)	40-49 years (%)	50 -59years (%)	> 60 years (%)
*33	21	14	14	19

NATO Correlative studies show that the larger a nation's < 25 year range is the higher theater attendance figures.

Source: CIA World Fact book **Population Stratification** figures for 24 years and under:

**United States of America (24 years and under): 33%**

**Trinidad and Tobago (24 years and under): 33%**

**The Bahamas (24 years and under): 41%**

### **2. Geographic Disbursement:**

Having a larger population spread thinly over a landmass is less ideal than having a smaller population cluster in smaller areas around the theater.

Source: World Bank Population Density (people per sq. km of land area):

**United States of America: 34**

**Trinidad and Tobago: 262**

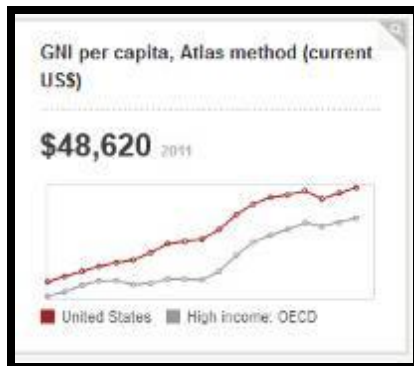
**The Bahamas: 35 (New Providence 1,594)**

To fully understand the implications of this in the Bahamas, one need only look at the aerial shot of the capital. IMAX's educational program was well received in focus groups of teachers and principals.

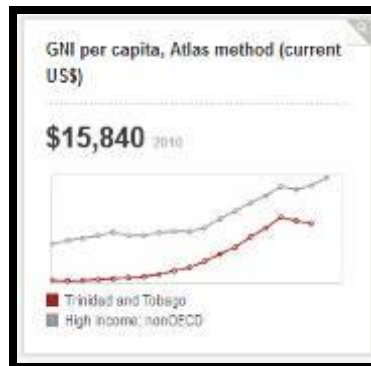
Participants were given IMAX documentaries and study guides the day before meetings were held. There was a tremendous positive response. Educators stated that if given these materials during the summer break then they can plan their academic year around the field trips. We are proposing a \$10 price point for movie, popcorn, and a drink.

### **3. Earning Potential**

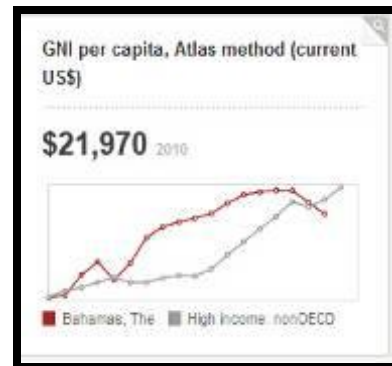
Source: World Bank GNI per capita (formerly GNP per capita) is the gross national income:



United States



Trinidad and Tobago



Bahamas

#### 4. Disposable Income:

Source: Number Disposable Income Analysis (per household)

##### United States of America:

###### Salaries And Financing

[\[Edit\]](#) mean

Median Monthly Disposable Salary (After Tax)

3,171.00 \$

Mortgage Interest Rate in Percentages (%), Yearly

4.30

##### Trinidad and Tobago:

###### Salaries And Financing

[\[Edit\]](#) mean

Median Monthly Disposable Salary (After Tax)

711.00 USD

Mortgage Interest Rate in Percentages (%), Yearly

8.75

##### The Bahamas:

###### Salaries And Financing

[\[Edit\]](#) mean

Median Monthly Disposable Salary (After Tax)

3,000.00 \$

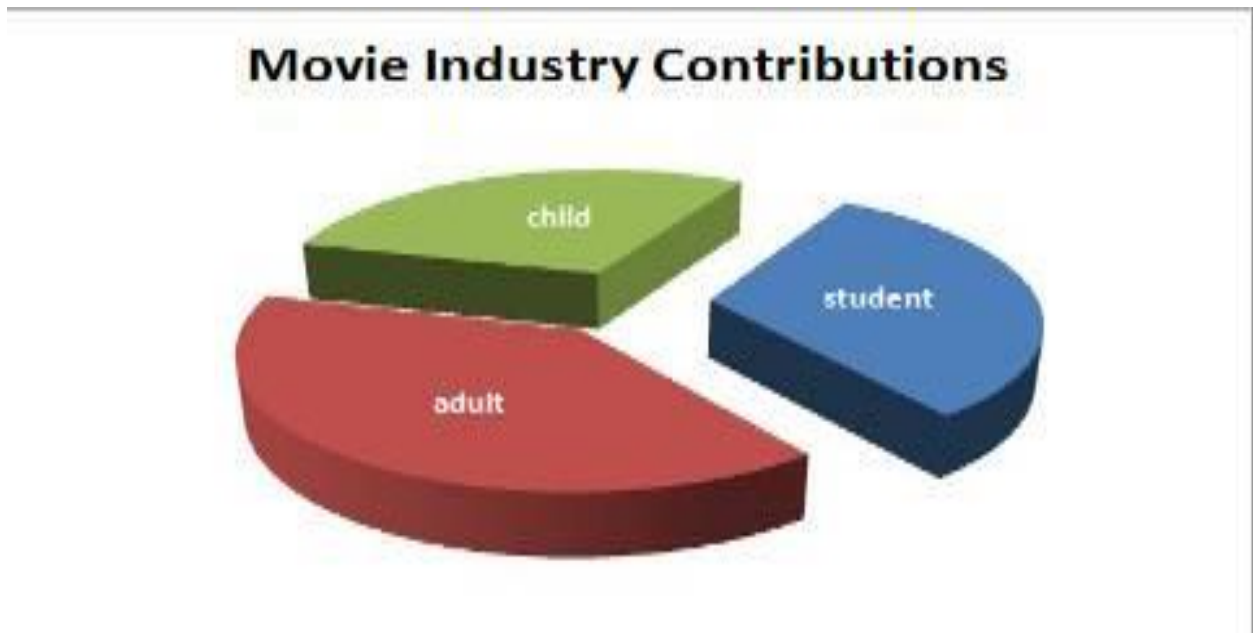
Mortgage Interest Rate in Percentages (%), Yearly

9.00

After Taxes the average Bahamian family has 4 times more cash than a Trinidad and Tobago family. This is why the World Bank called the Bahamas one of the richest Caribbean Islands. What is even more amazing is that Digicel IMAX is making more than \$1,000,000 US in profits yearly. Even though they launched during a national state of emergency in 2011 that severely restricted movement, Digicel IMAX is doing very well.

# Industry Analysis

Our market research, which included a survey of more than 1.5% of the population, has indicated that the current Movie Theater industry has the capacity to generate over \$ 10 million in revenue each year. The current customer contributions are as follows:

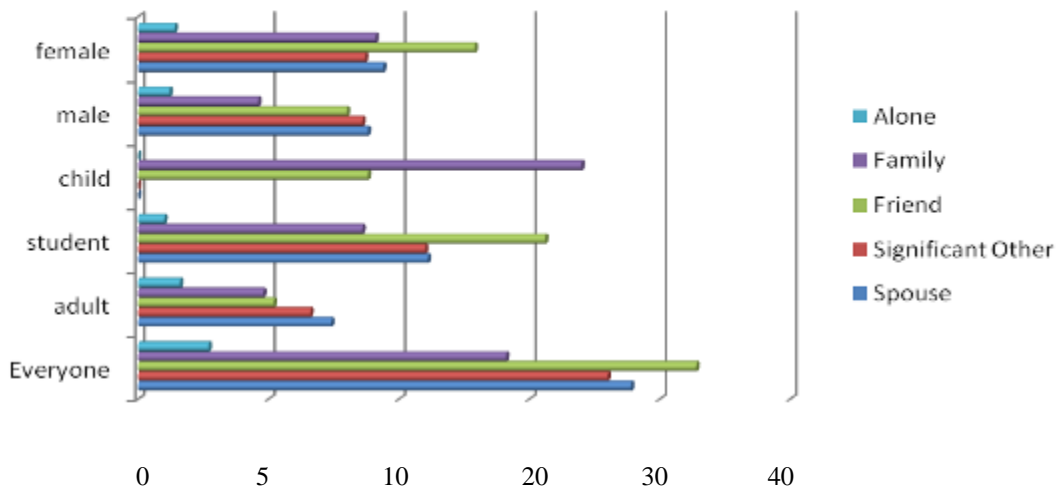


- Adults- (38%) This segment is between the ages of 18-56 and is not currently in school.
- Tertiary Students- (34%) This segment consists of individuals over the age of 18 that attend the College of the Bahamas or some other form of post-secondary education.
- Children- (28%) This segment contains individuals between the ages of 5-17 years that attend Primary and High School.

The Survey also gathered other vital industry data:

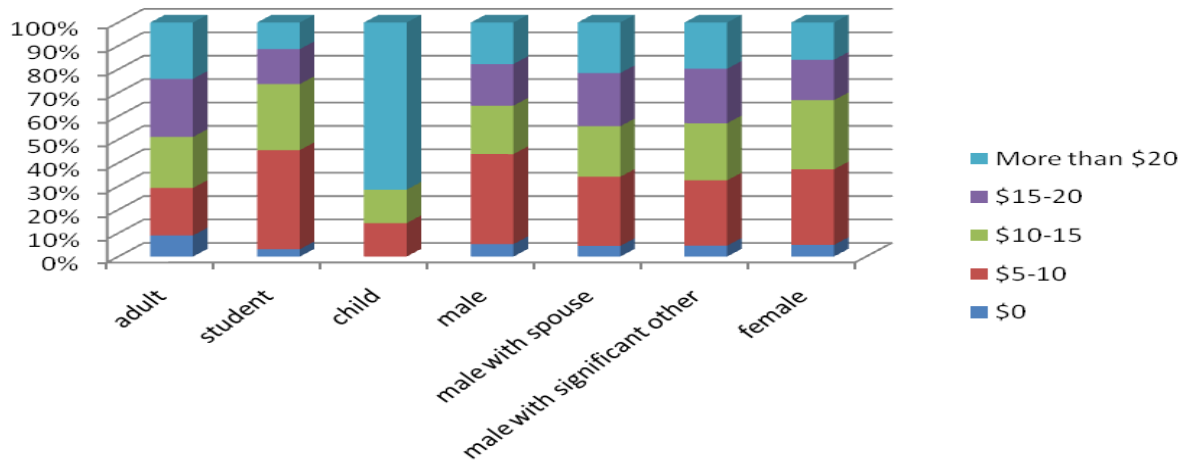
## The Breakdown of Patron Accompaniment when they go to a movie:

## Accompaniment by Demographic



How much patrons are spending once in the theatre:

## Money Spent on Concessions

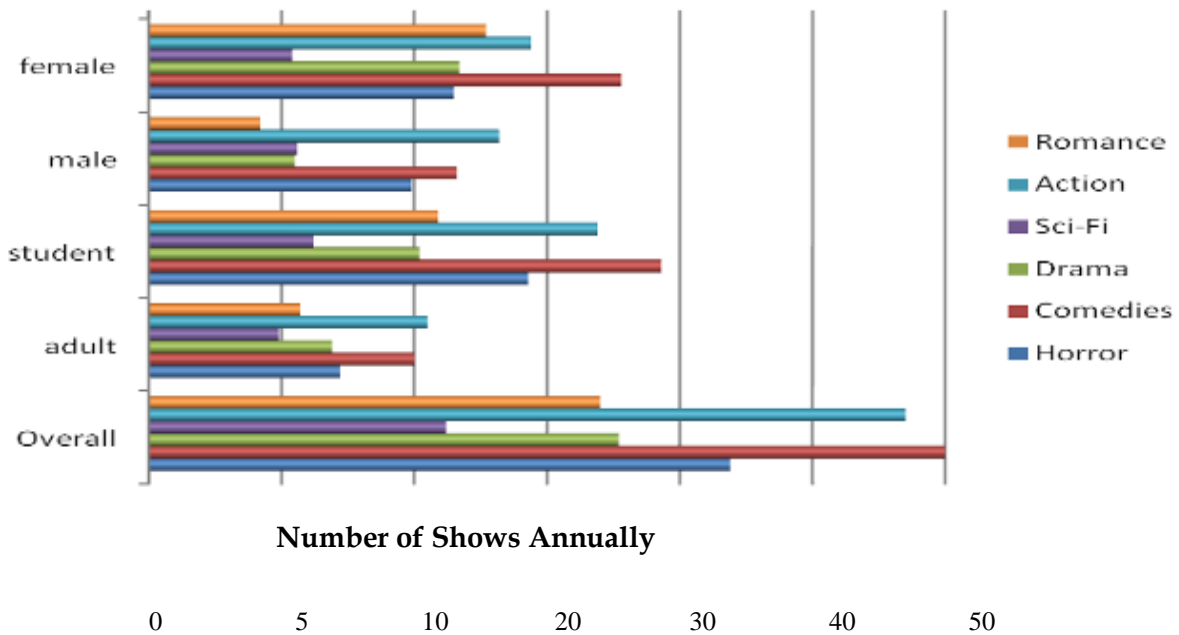


85% of Bahamians spend 10 or more on concession. According to the Motion Picture Association of America the global average is 70%.

What patrons are watching?



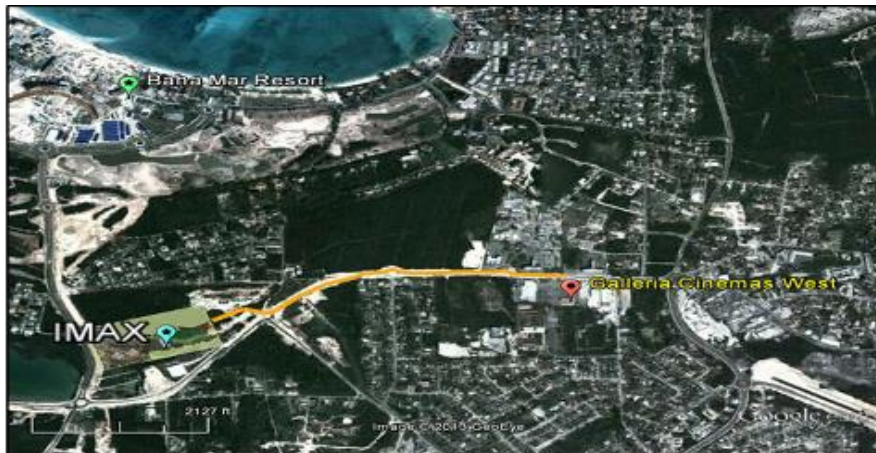
## Genre Popularity by Demographic



### Breaking down the Competition

#### Direct Competition:

#### Galleria Cinemas



Locations: John F. Kennedy Drive and Mall of Marathon.

Products and Services: (1) 17 screens (Galleria 11) with and Galleria 6

Threat level: HIGH

Strengths:

- Monopoly on the market
- Strategically positioned location in the eastern and western section of the New Providence.
- 17 screens and 1800 seats to provide a variety of entertainment without compromising customer choice
- Established entity in the social and business community

Weaknesses:

- Minimal advertisement because of the lack of true direct competitor
- Limited Product Mix. Only shows 2D Movies with no premium products like Large Format screens.
- Customer dissatisfaction is high because of the deteriorated state of their facilities
- Focus too heavily on locals with no true programs geared towards the over 4 million tourists that visit each year

**Indirect Competitors**

**Cable Bahamas**

Location: Currently located at the Marathon Mall opposite BEC

Relevant Products and Services: Pay-Per-View Movies, Events and Cable Channels

Strengths:

- Almost complete market penetration in New Providence hence their cash availability is high.
- Our surveys have shown increase customer dissatisfaction with current theatre movie quality. Twenty percent (20%) of respondents stated that they rather stay home and order movies. Cable Bahamas is absorbing these unsatisfied customers.

Weaknesses:

No matter how good their product is at home Cable Bahamas cannot replicate the theatre experience.

Threat Level: MEDIUM

### **Bootleg Movie Vendor**

Location: Everywhere

Products and Services: Movies, Events and Personal Request Fulfillment

Strengths:

- These individuals are everywhere with a vast movie collection
- They have very personal relationships with their clients and provide what's requested.
- Low capital investments

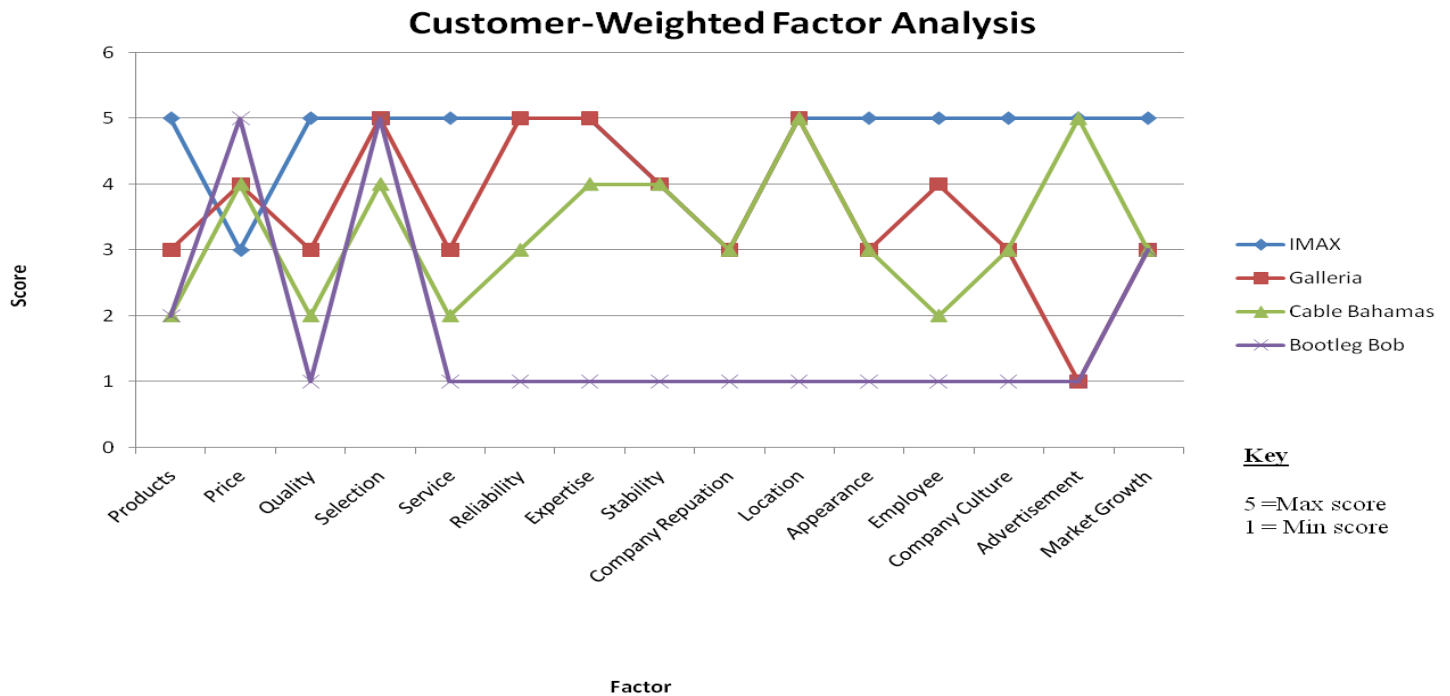
Weaknesses:

- Wildly varying quality of their products due to illegal recording methods.
- Cannot compete with the theatre experience.

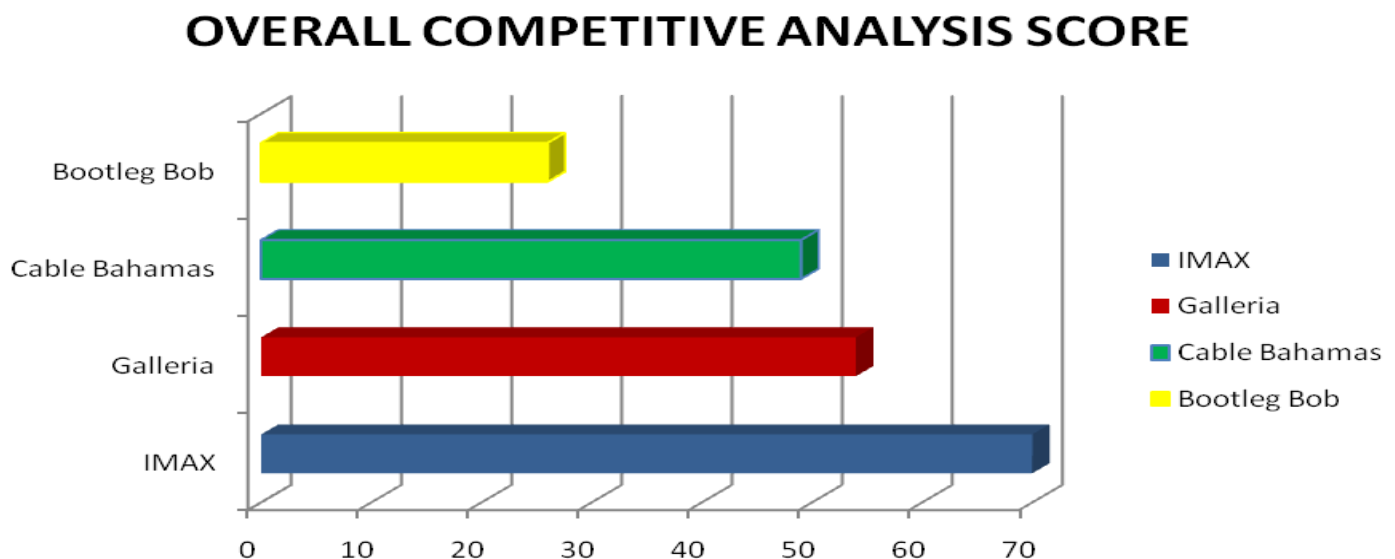
Threat level: LOW

## Competitive Analysis of the Current Market

When a direct comparison of all competitors in the current market was done the results were telling.



When each of the data point is equally weighed statically, the graphical representation was generated:

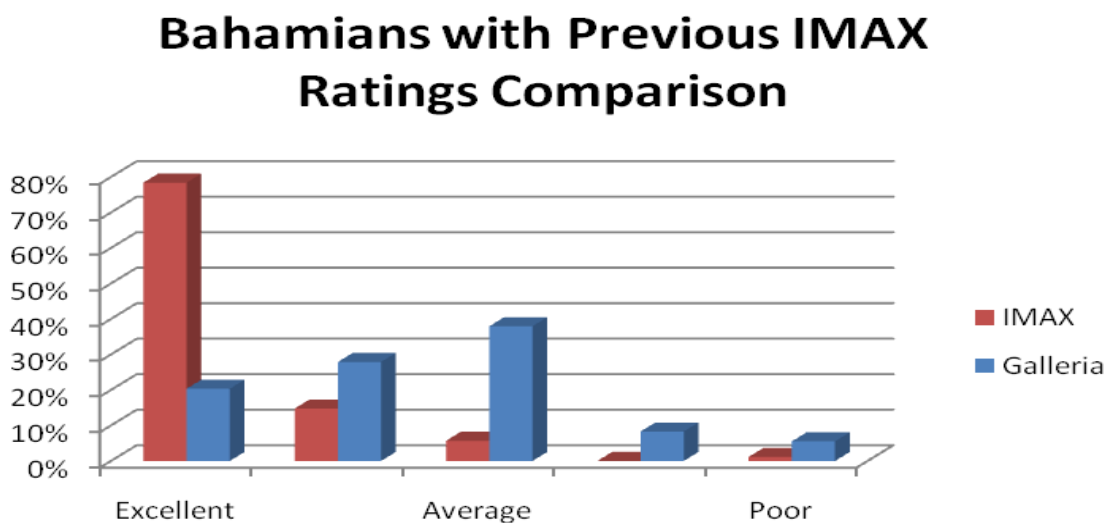




Taking into account all of the major factors like location, products and pricing, IMAX is projected to thrive in Bahamas.

#### Confirmation of Statistical Data :

Though the results of the day look promising, a specific question was added to secondary surveys of Bahamians that had been to an IMAX. These were the results:



When Bahamians, who had previously had an IMAX experience, were polled about their **current** movie experience, the resounding results show their actual thoughts.

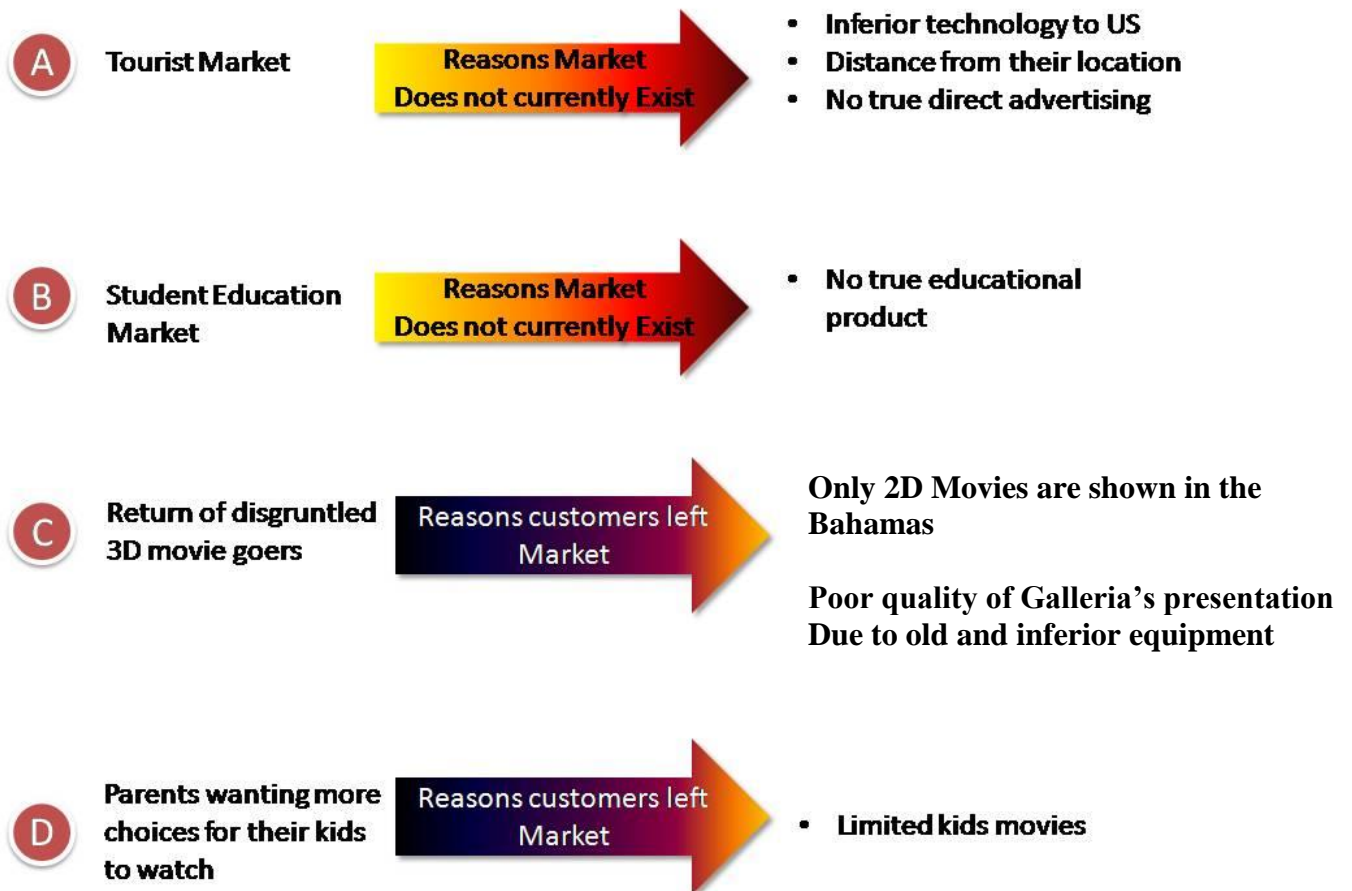
Once most Bahamians have a chance to witness the superior quality of the brand they will undoubtedly embrace IMAX.

#### **Note:**

4DX questions were not placed on the survey because the technology is not currently available in the western hemisphere. Hence no advertising in US markets would be done.

## Effects of the Showcase with IMAX on the market

Because of the Showcase's presence, there will be a change in the customer base. The materialization of new markets, coupled with the return of previously disenchanted patrons will drive profit projects forward over the next 3 years. These are the four emerging markets:



### Note:

Focus groups were conducted over a period of six (6) months on Groups B-D to obtain the stated results.

# Independent Market Assessment of the Bahamian Cinema Landscape

The Atavus Group flew in Jim Patterson, a Theater industry expert, to do an independent assessment of the Bahamian market at the end of November 2013.



Mr. Patterson has been recognized globally as the architect of the best theater chain in the world 'Major Cineplex'. These accolades have been bestowed by Industry publications such as 'The Hollywood Reporter' and 'Film Journal International'.



Jim Patterson has accomplished something unheard of in the Theater Industry. Through quality service and technological innovations, Mr. Patterson has turned Major Cineplex into the fourth leading **tourist attraction** in all of Thailand.

The reviews have been stellar.

tripadvisor.co.uk

Gravity in 4DX, a new level of... - Paragon Cineplex

Home Bangkok Hotels Flights Holiday Rentals Restaurants Things to Do Best of 2013 Trending Now More Write a Review

Incredible hotel pools  
SEE THE LIST

Home > Asia > Thailand > Bangkok > Bangkok - Things to Do > Paragon Cineplex

## Paragon Cineplex: Traveller Reviews

No. 991, Tower Siam Paragon, | 5th Floor, Rama 1 Rd., Bangkok 10330, Thailand  
02-1294635 Website Update attraction details

Ranked #4 of 222 attractions in Bangkok  
960 Reviews

Type: Cinemas

37 visitor photos

Hotels travellers are raving about...

- Royal Wing Suites & Spa 105 Reviews
- BS CourtBoutique Residence 10 Reviews
- Rider Resort 1 Review

All hotels in Bangkok (729)

Browse nearby

**"best cinema in the world?"**  
5.0 Reviewed 21 September 2013

never seen a more amazing cinema than this - it is a really smart place and big screen and high quality sound together with super comfy chairs made it great experience but not cheap!

Reviewer: lovetravelgg hong kong  
3 reviews

Visited September 2013

Was this review helpful? ☒ Yes [Problem with this review?](#)

**"Unusual and excellent experience"**  
5.0 Reviewed 17 September 2013

Going to the movies is probably not on most tourists agenda when they first come to Bangkok but it should be! I went to the Paragon Cineplex after hearing about the deluxe movie options and I really enjoyed it. There was a large selection of movies and packages available at different counters but after asking a member of staff for help I could navigate the selection (although they did take a few minutes to find someone who spoke English). I opted for the 1000baht option and got a massage before the movie started and snacks of my choice served to me at my seat. The seat was large and roomy, and I could adjust the chair, I was also provided with a thick blanket and a pillow (which was needed as they really do crank up the AC). It was interesting to learn that the Royal Anthem is played before each viewing and that everyone must stand while this is played (I got a stern look from my neighbor when I didn't get out of the chair fast enough). This is definitely a great way to end a day of sightseeing in hot and smoggy Bangkok.

Contributor: Emelie S Orebro, Sweden  
15 reviews  
4 attraction reviews  
Reviews in 7 cities  
12 helpful votes

Visited August 2013

**"Possibly the best cinema I've ever been to"**  
5.0 Reviewed 28 September 2013

This place is just amazing. The foyer is huge, spacious, has themed displays on films, auto-ticket machines as well as the normal kiosks. The seats in the screen were just amazing. Spacious with headrests, they recline and also have plenty of leg room. The screen picture and sound were great quality. The place was very clean as well. The only negative about the whole experience was the price of refreshments but given that they sell cans of Coke etc., you could quite feasibly walk in with cans you've purchased elsewhere - but I didn't know that at the time.

Senior Reviewer: Backpacker-Mat London  
10 reviews  
7 attraction reviews  
Reviews in 5 cities  
3 helpful votes

**"best cinema ever"**  
5.0 Reviewed 22 September 2013

I love Paragon Cineplex so much because it s one of the nice cinema I ever seen. The seats are so big and comfortable. Its design is quite convenient and modern . The staff is so friendly . They recommend every details for the customers. In short, we have unforgettable experience when we got there. We are so excited....

Top Contributor: Theresa H Ho Chi Minh City, Vietnam  
63 reviews  
20 attraction reviews  
Reviews in 18 cities  
15 helpful votes

Visited February 2013

Was this review helpful? ☒ Yes [Problem with this review?](#)

See 10 more reviews by Theresa H for Bangkok

Ask Theresa H about Paragon Cineplex

This review is the subjective opinion of a TripAdvisor member and not of TripAdvisor LLC



Building his portfolio, Mr. Patterson launched the last major cinema project in the Caribbean, Digicel IMAX in Trinidad and Tobago. How did that work out?



## 2012 Best Global Launch Of an IMAX Theater

According to IMAX corporate office, Digicel IMAX is currently the market leader in all of South America and the Caribbean. It only has ONE screen.

<i>IMAX Performance in Central/South America</i>				
	2010	2011	2012	3 Year Average
	1,778,957	1,129,698	1,283,733	1,397,463

- The 3 year gross box office average of 4 of our sites in South America is \$1.397M – these sites include Argentina, Costa Rica, Trinidad & Tobago, Columbia.
- Buenos Aires upgraded to digital in Q1 2013 – prior to that they received a limited number of titles due to being film based
- Bogota upgraded to digital in Q1 2013 – prior to that they received a limited number of titles due to being film based

**Note:**

Though Trinidad and Tobago is 1% and 2% the population of Brazil and Argentina respectively, T&T is the leading IMAX in the region. Population density is more important than population size.

**The Bahamas will do very well in the region.**

**IMAX**  
— IS BELIEVING —

Mr. Patterson's assessment of the Bahamian Theater market after touring Galleria Cinemas and the hotels is as follows:

- *Physical Condition of Galleria:*
  - ✚ Mr. Patterson was shock at the facilities. From the dirty bathrooms to the state of the chairs at Galleria, he could not believe a company would let their equipment fall into such disrepair.
- *Technical Prowess:*
  - ✚ The theater geometry, a fundamental constituent of any facility, was all wrong.
  - ✚ The speaker component of the sound system was awful and needed changing.
  - ✚ The Projection system may be functional but the screens the images are being displayed onto are decreasing the quality of the experience
- *Crowd Management:*
  - ✚ The concession lines are too long and customers were either leaving the lines or standing complaining.
  - ✚ There are too few people serving behind the concession counter and too many people in front of theaters standing around talking
  - ✚ Too many customers have to find their seats in the dark without any assistance.
- *Movie Experience:*
  - ✚ The atmosphere was too informal for crowds that were dress so nicely. Mr. Patterson was shocked at the bad customer service and total disregard for customer satisfaction. Bahamians dress up for the movies hence theaters need to respect their consumers.
- *Customer Base:*
  - ✚ The single positive that excited Mr. Patterson was the size of the customer base as well as Bahamians desire to go to the movies. He noted that the hotels crowded with tourists is an untapped gold mine that Galleria could never get. Tourist want a high end experience when they travel.

Mr. Patterson left Galleria Cinemas, shocked that Bahamian still attend movies in that condition.

# Marketing of the Showcase with IMAX

Our greatest weakness in the Bahamas is the lack of brand recognition. Our survey showed the following:

Less than 50% of the intended audience have never heard of IMAX. Very few of the 40% that claim to know what IMAX is, could actually explain properly. A lot of marketing and brand education must be done before the introduction of these new technologies.

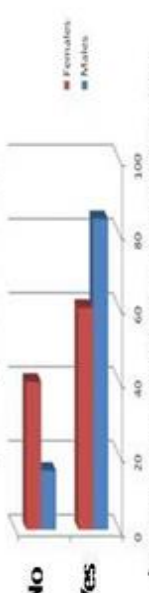

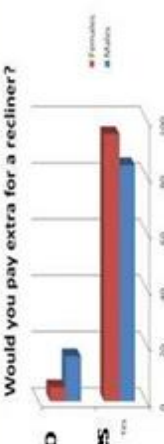




## **Corporate Support for Brand development**

One of the many benefits of obtaining the 4DX and IMAX licenses is the level of technical expertise that comes along with the package. For example, upon signing with IMAX, the Atavus Group was assigned an entire team of experts to handle the launch of the facility.

## **Localization of Corporate marketing strategies**

As much as Atavus Group appreciate the marketing support, these are useless without understanding the local market. An exhaustive 3 years study of the local market was conducted to understand the psychographic and demographic makeup of the Bahamian Movie goer. Thereafter plans were drafted to properly reach the desired audience.

Many have said that spending money to market makes no sense because Bahamians will come out of curiosity. That may be a little deceptive, however, as marketing is more than just introducing products and services. It's about building relationships with your clients and customers.

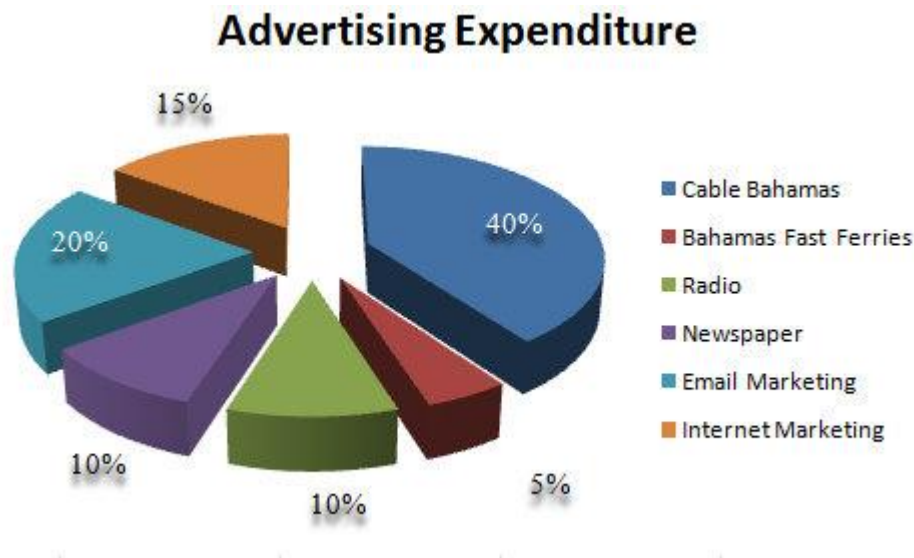
Strategy: 'Give the People What They Want'		The 'Hook'		Advertising Venue	
<b>Psychographic Breakdown</b>					
<b>58 years – above</b>		<p>Would you go to theatre for \$5 Kung Fu Wednesdays?</p>  <p>■ Females ■ Males</p> <p>NO YES</p> <p>➤ Plans for monthly 'Kung Fu' theater ➤ Secured, clean environments are key</p>		<ul style="list-style-type: none"><li>• News Papers</li><li>• Email Marketing</li><li>• Cable Bahamas/ ZNS</li></ul>	
<b>58 years – 39 years</b>		 <p>Would you pay extra for a recliner?</p>  <p>■ Females ■ Males</p> <p>NO YES</p> <p>➤ Meals served at the VIP seating ➤ Members Only events stratify the IMAX experience</p>		<ul style="list-style-type: none"><li>• News Papers</li><li>• Email Marketing</li><li>• Cable Bahamas/ ZNS</li><li>• IMAX Bahamas.com</li></ul>	
<b>38 years – 25 years</b>		  <p>➤ The VIP Lounge restricts access to adults only ➤ The Director's Theater in the Lounge hosts private screenings</p>		<ul style="list-style-type: none"><li>• Email Marketing</li><li>• Cable Bahamas/ ZNS</li><li>• IMAX Bahamas.com</li></ul>	
<b>24 years – younger</b>		  <p>➤ An intensive Facebook and Twitter library of interactive promotional events are planned ➤ A Facebook Game Engine is in development to build social gatherings linking to sponsors' sites</p>		<ul style="list-style-type: none"><li>• Email Marketing</li><li>• Cable Bahamas/ ZNS</li><li>• IMAX Bahamas.com</li><li>• Social Media</li><li>• Top-Up Receipts promotions</li></ul>	



## Advertising Expenditure:

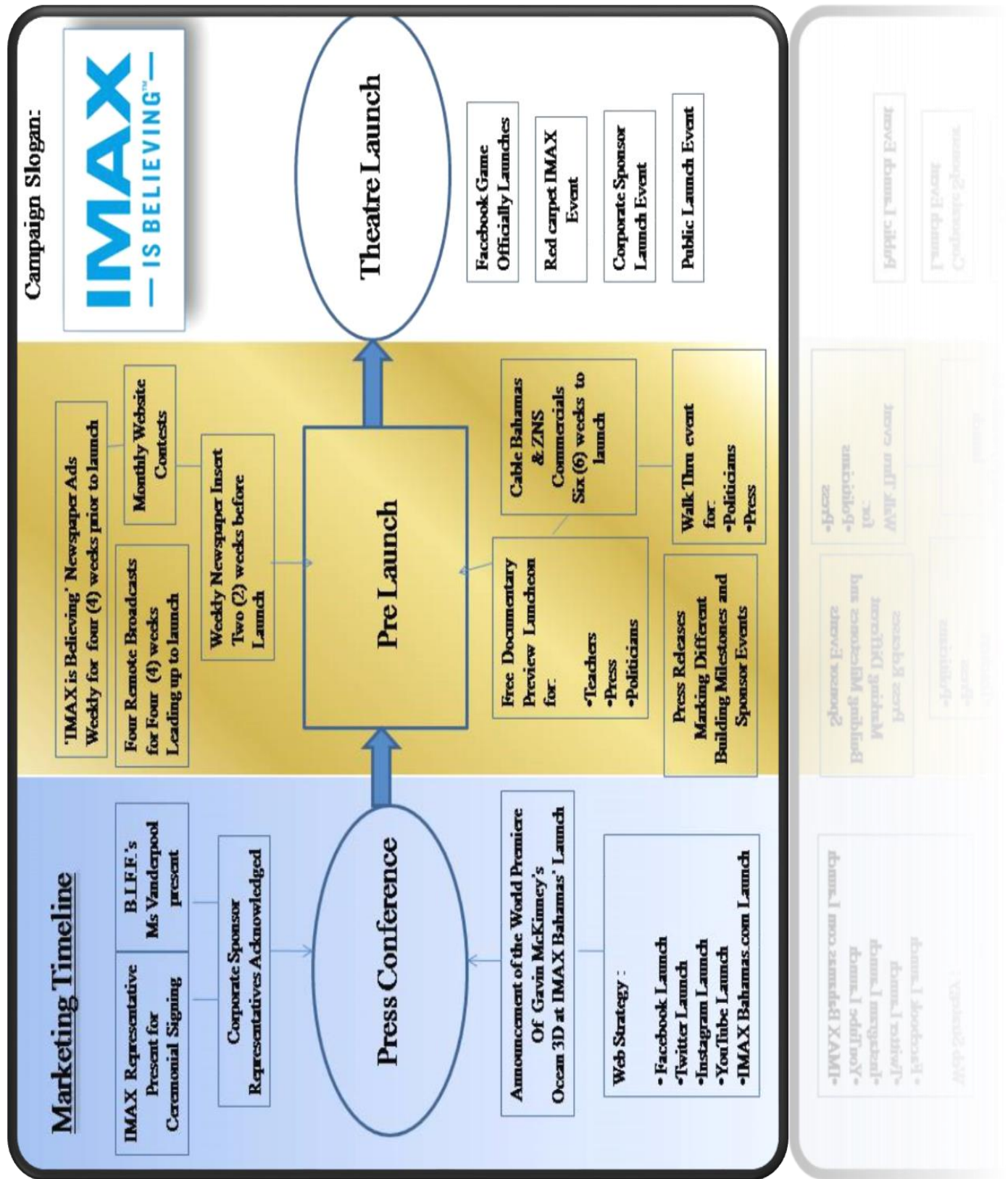
We are currently scheduled to spend over \$400,000 on advertising our first year of operations.

This is in addition to a budgeted \$130,000 to be used within six months before the theatre grand opening for special awareness programs and presales to corporate partners.



- **Cable Bahamas as well as ZNS TV** will be used to market to the masses because of their massive market penetration. They will receive the majority share of our initial marketing because they can reach ALL segments of our market.
- **Internet and Email Marketing** (mainly via Twitter and Facebook) will be used to contact the younger adults, and students with links to company site for full advertisements and information.
- **Radio and the Bahamas Fast Ferries** will be used to supplement the Cable Bahamas efforts to reach the Out Island crowd.
- **Newspaper** will be used for the baby boomers and for showing movie times
- **Other** includes a much smaller portion of the advertising budget (not represented in graph) reserved for printed banners and other miscellaneous forms of advertising.

**Note: Jim Patterson will be working hand in hand in the further development of the Marketing strategy**



## **Sponsorship and Cross Marketing**

The sponsorship program will be a vital cog in the marketing program.

Example:

**If we sign Naming Right with BTC, then every new phone sold thereafter will come preloaded with our Showcase App.**

This is one of the many cross promotions we are discussing in negotiations with sponsors

# Strategies for Successful Entry into Bahamian Market

## Existing Competition

While the theatrical aspect of the entertainment industry in our country is currently dominated by Galleria Cinemas, our exhaustive market research has shown us that the situation is ripe for a new company type with an original approach.

Having performed market surveys locally and data comparison of similar business approaches in other markets, we believe customers will find our products and services compelling enough that we will be able to build sales quickly and establish a solid market position. At this point we have refined our business concept and developed an extensive plan for taking this concept to market.

Competing in the Bahamian cinema market requires a dual tier approach:

- Short Range Dominance
- Long Term Dominance

## **Short Range Dominance**

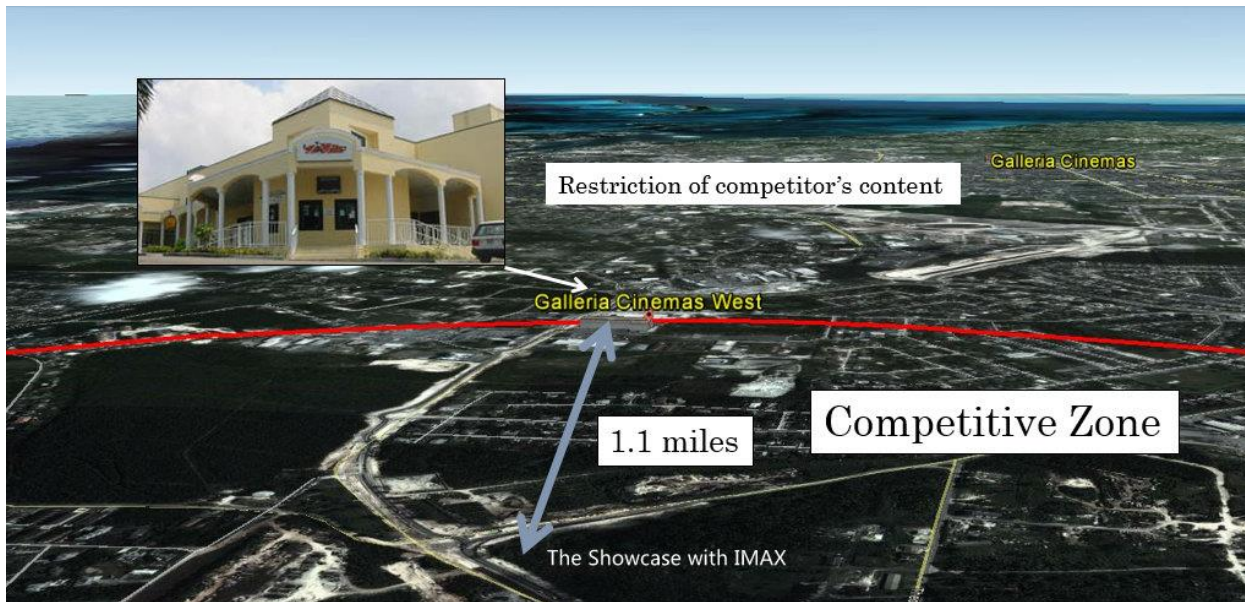
Goal: Eliminate Galleria West

General Info:

- When a Cineplex launches, its location and proximity to other theaters is very important to Hollywood Studios for determining zones of operation.
- If you are within 3 miles of another theater you are in a competitive zone.
- If you are further than 3 miles of another theater you are in a free zone.
- Free zones mean you can play any movie Hollywood makes
- Competitive zones mean whoever controls the zone plays any movie Hollywood makes but the competitors are restricted from playing it.



Strategy:



There are three Criteria to dominate a competitive zone:

- More screens than your competitors ( The Showcase with IMAX 9 screens versus Galleria West's 6 screens)
- A superior format: The IMAX format allows the Atavus Group Limited the security of an exclusive product that cannot be truncated even if the other cinema had more screens.
- Premium Offering: Hollywood Studios can make more money from one screening in 4DX, IMAX and the VIP theaters in three days than a week at Galleria West. Hence to protect their potential increased earnings they will restrict the competitor's movies being played in the zone.

Result:

The Showcase with IMAX will dominate its zone with top of the line Hollywood releases that **CANNOT** be shown at Galleria 6.

Note:

This information was confirmed by four Hollywood studios.

## Long Term Dominance

Goal: Eliminate Galleria 11 at the Mall

General Information:

- Galleria 11 falls into the free zone because its 6.1 miles away.
- Galleria 11 has eleven screens vs. The Showcase with IMAX's nine screens.

Strategy:

- IMAX has negotiated for exclusive early launch windows for most of Hollywood's top blockbusters.
- If Showcase with IMAX was open for business during that period:

### Movie

### Time frame

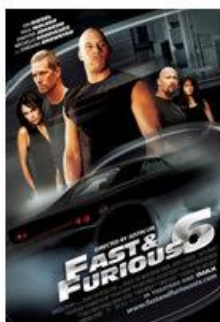
### Press Release



One Week Early



Two Days Early



One Day Early





One Day Early



The delayed Channing Tatum-Dwayne "The Rock" Johnson film will be super-sized in 3D and released internationally from March 29, and a day earlier domestically.

TORONTO – Paramount Pictures is putting *G.I. Joe: Retaliation*, the action-packed follow-up to the 2009 box office hit *G.I. Joe: The Rise of Cobra*, in Imax theaters.



Eight Days Early

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**'Iron Man 3' Gets Early IMAX 3D Release; Toys Showcase New Armor Designs**

1 month ago by Keith Gifford

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TOP GALLERIES

Iron Man 3 Photo Gallery

One of the most important movie geek questions for 2013 is whether or not Marvel Studios can build on its post-Avengers momentum with this next round of solo character films, and Iron Man 3 has the distinct (honorary) Challenge(?) of being the first gamey pig out of the pen.

**Internationally April 25 Domestically on May 3.**



## Results

To put this in perspective, let's use IRON MAN 3. IMAX Bahamas would get the movie exclusive before any Galleria location could play it for eight days in the market. With a seating capacity of 370 in IMAX Theater and with five shows daily, IMAX Bahamas can show over 10,000 Bahamians the movie before May 3<sup>rd</sup>. That's 10,000 'word of mouths' talking about the superiority of IMAX before Galleria plays the movie once.

Note:

Why would Hollywood do this?

### A. Ticket Sales:

Hollywood is going to get their 40%, but of what ticket price?

Will it be the regular ticket price of (\$ 8-12) or IMAX's premium tickets (\$15 -\$30)







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**BUSINESS** | April 19, 2012, 6:43 p.m. ET


# IMAX Strikes Back

*Go big or stay home. Directors and studio executives are clamoring to have their summer blockbusters released on supersize screens, reviving a technology that was once a mainstay of science museums.*

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By RACHEL DODES



Turn your  
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rainmaker.

The Wall Street Journal talked about how IMAX is allowing Hollywood to mitigate some of its financial exposure hence studio executives are flocking to IMAX.

1. It takes a regular theater 2 ½ weeks to produce what IMAX makes in one week.
2. IMAX week to week drop for movies is 25% vs. Regular Theater 41% because you can't repeat the experience unless you are in the IMAX Theater.

## B. IMAX International Market Power

- Hollywood Studios are reluctant to do IMAX release movies domestically because they want to protect their own chain and corporate partners.
- Hollywood is excited to use IMAX's international network of theaters as a way to track and control piracy as well as monitor market growth.



Results:

At 63,000 per screen, IMAX is averaging four times that of regular theaters.



Iron Man 3's international IMAX performance is already outperforming last year's The Avengers. In total Iron Man 3 averaged \$63,000 per IMAX engagement over the debut weekend abroad. Iron Man 3 saw a \$198.4 million international debut, "according to studio estimates" and opened No. 1 in each of the 42 international markets in which it premiered this past weekend. This beat out The Avengers in 2012. Iron Man 3 opens May 1 in China and May 3 in North America.

Vs.  
Global Regular Theater average  
\$15,000 per-screen average.

### **New IMAX Announcements and their effects on IMAX Bahamas**

Atavus Group Ltd. met in Las Vegas with IMAX during Cinemacon (Cinema Owners Convention) to finalize the contractual condition for entry into the Bahamian theater market in May 2013

# Galleria Cinemas' Possible Counter Measures

- ✚ Price Wars
- ✚ Marketing Blitz Wars
- ✚ Change Business Model
- ✚ Try to Block the Showcase's Hollywood Releases
- ✚ Galleria at the Mall focuses on keeping the Eastern side of the island, advertising itself as a lower priced option

## **Price Wars Strategy:**

### *General Info*

Back in 2001 when Galleria and RND were fighting for the market, RND started cutting their prices.

### *Issue with that strategy:*

Hollywood hates when ticket prices are artificially decreased. Speaking to a studio representative for clarification revealed a dire consequence for such practices. Studios fear that consumers will gravitate to the lower price point, thereby forcing the competitors to match the price decrease.

To discourage this practice, the major studios begin giving the offending theater their movies later than their competitors. Eventually if the practice continues the offending theater gets a designation called 'second run' theater. This means that the offender gets all their movies when the other theater has stopped playing it.

## **Marketing Blitz Strategy:**

What is Galleria going to advertise?

*Their location?*

*Their Cleaner facilities?*

*Their Exclusive Content?*

As one can see, Galleria is in quite the pickle. They have no niche market or competitive advantage they can rely on.

## **Change Business Model and become a \$1 or \$3 Second Run Theater:**

The issue they would face are the bootleggers and the itunes of the world. These entities will get movies before or right as Galleria gets its content.

### Try to Block the Showcase's Hollywood Releases

You can't block IMAX or 4DX formatted content which represent 80 % of the top movies. Studios have an iron clad deal with IMAX and 4DX.



You won't be able to block movies to the VIP Theaters. It will take 4 to 5 of Galleria's tickets to make up the difference in revenue lost just for a studio to break even.

So even if they try to block our five regular screens you can't because 3 of the 5 will be 3D and Galleria doesn't currently do 3D. Hence Hollywood would lose all the 3D surcharge revenue.

**Galleria at the Mall focuses on keeping the Eastern side of the island, advertising itself as a lower priced option.**

This goes against what is currently occurring in the Bahamas. Even though Galleria Cinemas has a complete monopoly on the market, peoples have lost interest in going to the movies. According to Hollywood executives and surveys conducted with Bahamians, Galleria Cinemas has seen a dramatic decrease in attendance in the last few years.

Why?

*Is it the Global Economic downturn that has cause many business to fail?*

No! In fact, it is an industry fact that Cinema thrives during economic downturns. According to NATO (National Association of Theater Owners), movie theaters make

# Economic Downturns and the Box Office



- No one wishes tough economic times on anyone. It is a fact, however, that **movie theaters do especially well during economic downturns.**
- During the **last eight recession years** since 1965, movie theaters' box office and admissions increased in **six** of them.

more money during recessions because it's usually the cheapest form of entertainment. Movies also act as a form of escape from reality. Financial firms worldwide have always recognized this phenomenon.

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**Cinema attendance figures keep on rising – that's good for Cineworld.**

It is economic folklore that cinema is a recession-proof industry, with people turning to film-going as a relatively cheap form of entertainment when times are hard.

*Maybe global or regional attendance figures can explain Galleria's attendance decline?*

When you look at global attendance as a bench mark you see a disturbing trend: While globally theaters are seeing record attendance, the Bahamas is trending in the opposite direction.

## Global box office

Global box office for all films released in each country around the world<sup>1</sup> reached \$34.7 billion in 2012, up 6% over 2011's total. The increase was due in large part to international box office (\$23.9 billion), up 6% compared to 2011, with growth in the majority of geographic regions. International box office in U.S. dollars is up 32% over five years ago.

Global Box Office – All Films (US\$ Billions)





In fact, the last two years have been the highest box office grosses **EVER!**



So why isn't Galleria making an even bigger financial gain in a monopolized market?  
Why won't Galleria keep even the cost conscious consumer?

1. Customer Frustration and Apathy
2. High level of Piracy and Bootlegging in the Bahamas
3. Lack of Up to Date Cinema Technology
4. Value trumps Price

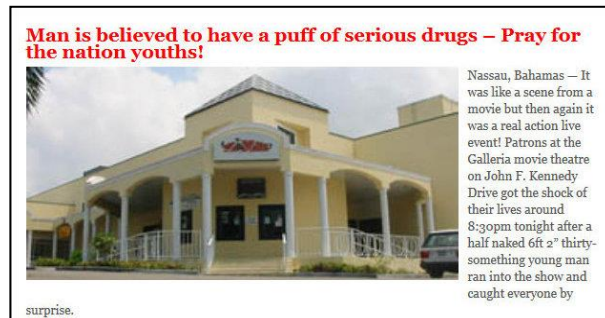
1. *Customer frustration and Apathy*

Survey conducted have shown a general level of dissatisfaction with Galleria Cinemas.

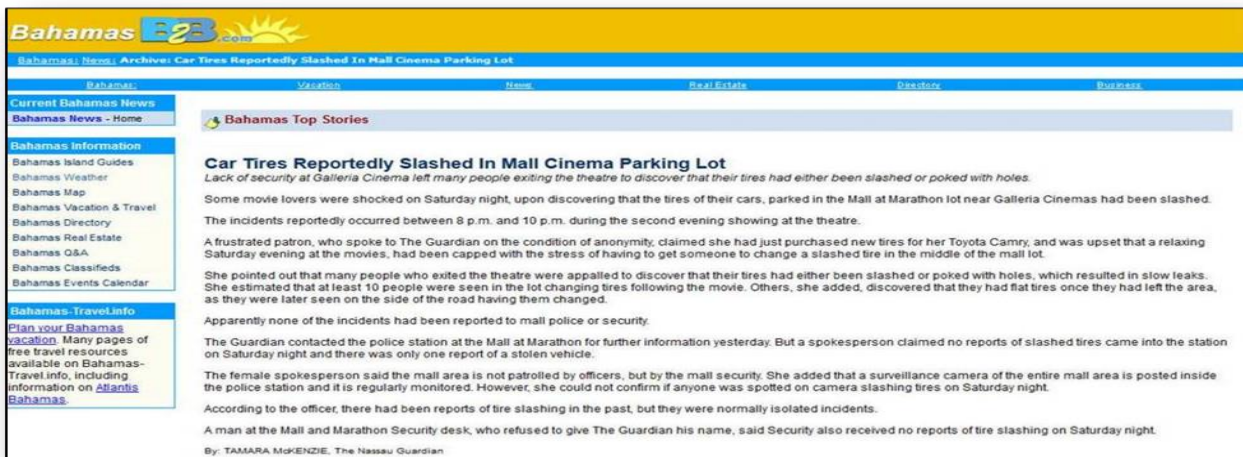
- Whether it's the facilities and service:



- Or lack of proper security on the premise

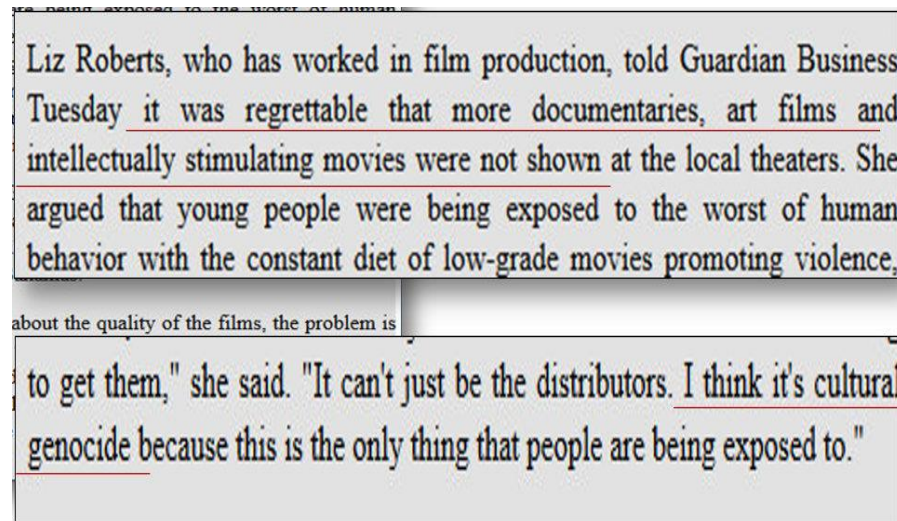


- Vandalism of customer's vehicles



The list is endless.

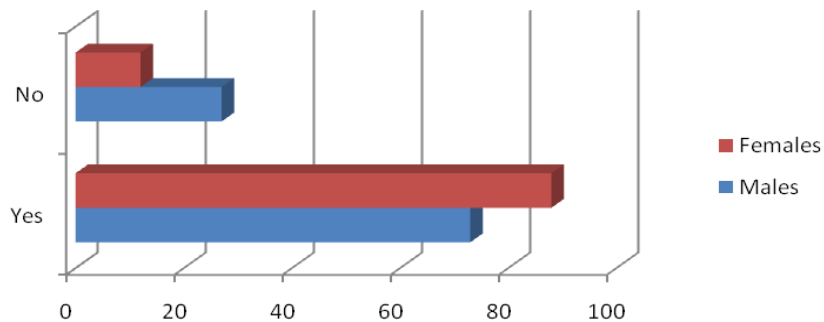
Customers have also stop coming because of the lack of content variation.



The more they complain the more Galleria plays deaf to their concerns. Bahamians want a choice. They want to be entertained as well as intellectually stimulated. This is

why IMAX documentaries will find a home in the Bahamas. Surveys of the Bahamian public and schools has shown that the demand is there.

### Would you watch Theatre Documentaries?



#### 2. High level of Piracy and Bootlegging in the Bahamas

The Bahamian home entertainment center is manned by big screen TVs, surround sound systems and the current downloadable content from the web or bootlegged DVDs. Galleria Cinemas' product on the screen, for years, lagged behind home content in quality. Digital projectors have been available for years yet the same has only recently moved beyond analog projection systems.

The fundamental problem is that people want an experience when they leave the home. Galleria Cinemas cannot provide that reason to abandon the couch when compared to cheap, knock-off, bootlegged copies.

In the countries with high piracy issues like China (the #1 piracy capital of the world), Hollywood studios are not allowed to bring in movies unless they are in 4DX or 3D or IMAX format.

The screenshot shows the CCTV.com English website. The header includes the logo, date (May 17 2013), and navigation links. A featured article titled 'Wenchuan Earthquake: Five Years On' is visible. Below it, a news article titled 'Studio interview: Chinese movie-goers embrace 3D and IMAX films' is displayed, dated 11-10-2012 10:15 BJT. The article text mentions 'Bigger screens, higher-definition images, and three-dimensional effects, IMAX and 3D films are giving audiences a brand-new way of experiencing the movies. With Chinese'.

The screenshot shows a website with the heading 'Watch Free Movies Now'. It lists 'www.FilmFanatic.My...' and 'Watch 1000s of Movies Free! Download Now For Movies & Showtimes'. There is an 'AdChoices' icon. To the right of this section, text reads: 'Still, Hollywood will keep targeting China, which recently increased the annual quota of foreign films allowed to play in the country from just 20 movies to 34. The deal, which allows for the additional 14 films only if they are in 3-D or IMAX formats, will likely encourage Hollywood filmmakers to keep developing blockbuster-style movies, which have been successful in the past.'



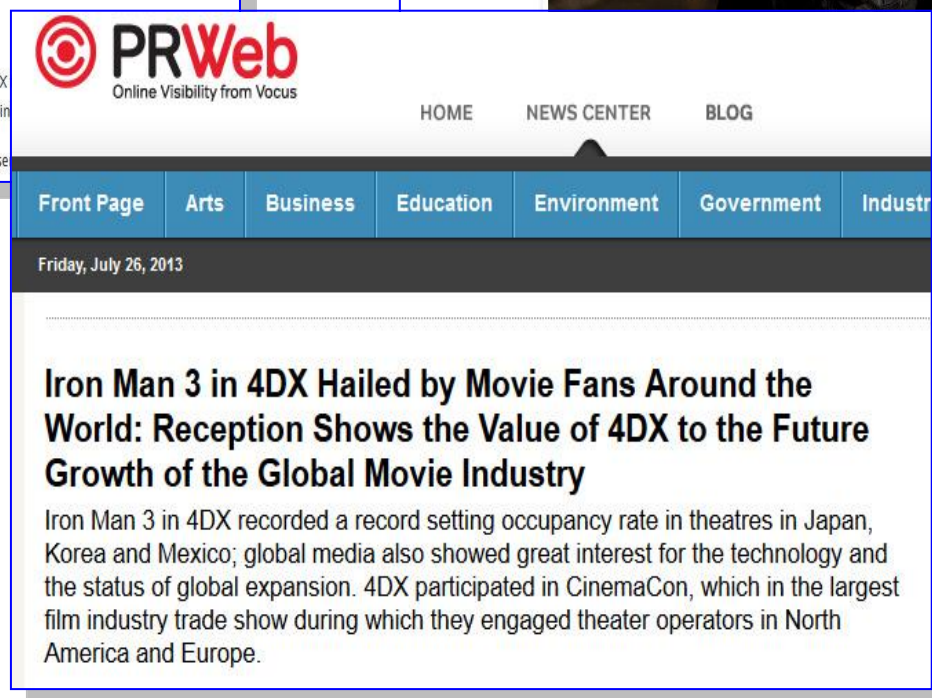
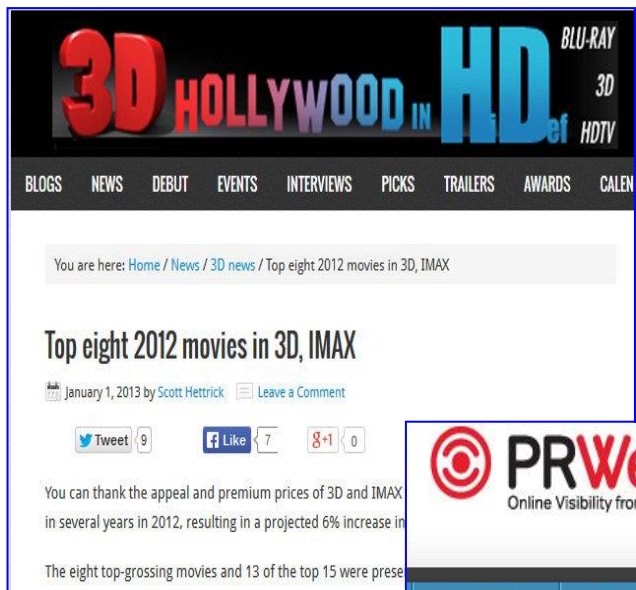


Why these three formats? Because the experience cannot be duplicated at home hence piracy of these products is useless.

### 3. Lack of Up to Date Cinema Technology

For the last four years there have been three technologies that have boosted the movie industry:

➤ IMAX, 3D and 4DX

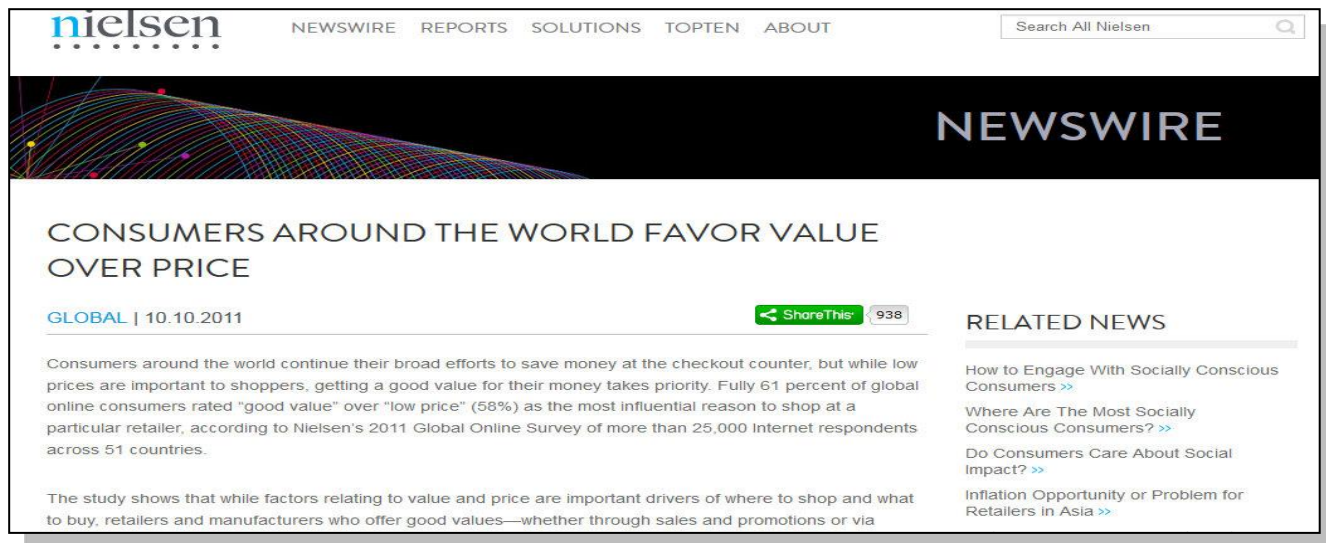




Though they have been available for years, currently Galleria Cinemas have none.

#### 4. *Value trumps Price*

In a study done by the Nielsen rating company, consumers rated value over price for products and services.



The screenshot shows the Nielsen NewsWire website. The header includes the Nielsen logo, navigation links (NEWswire, REPORTS, SOLUTIONS, TOPTEN, ABOUT), and a search bar. The main headline is "CONSUMERS AROUND THE WORLD FAVOR VALUE OVER PRICE" dated 10.10.2011. The article text states that 61 percent of global online consumers rated "good value" over "low price" as the most influential reason to shop at a particular retailer. A "Share This" button shows 938 shares. A "RELATED NEWS" section lists three articles: "How to Engage With Socially Conscious Consumers", "Where Are The Most Socially Conscious Consumers?", and "Do Consumers Care About Social Impact?".

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## CONSUMERS AROUND THE WORLD FAVOR VALUE OVER PRICE

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Why? No matter where one is in the world, people want to know that their money is well spent. In fact the less money individuals have the more they seek value in return. Hence a cheaper price did not always mean true VALUE.

In 2012 and 2013, nowhere is it more evident than in the Theater Industry. People would prefer to pay more for an experience than to just go to a regular cheaper movie.



The screenshot shows a Reuters article titled "Imax profit soars on box office revenue growth" dated Thursday, October 25, 2012, at 7:43am EDT. The article reports that Imax Corp's (IMX.TO) third-quarter profit rose 79 percent, driven by strong box office revenue and continued network growth globally. The page includes a sidebar with an advertisement for RBC Wealth Management and social media sharing options.

REUTERS

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Imax profit soars on box office revenue growth

Thu Oct 25, 2012 7:43am EDT

(Reuters) - Giant movie system maker Imax Corp's (IMX.TO) third-quarter profit rose 79 percent, driven mainly by strong box office revenue and continued network growth globally.



The screenshot shows a Hollywood Reporter article titled "CJ CGV's 4DX Theater Exports Surpass \$10 Million in One Year" dated 10:23 AM PST 12/9/2013 by Lee Hyo-won. The article features a photo of a movie audience in a theater. The page includes a navigation bar with links for MOVIES, TV, MUSIC, TECH, and BUSINESS, and a social media sharing section.

THE HOLLYWOOD REPORTER

MOVIES TV MUSIC TECH BUSINESS

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## CJ CGV's 4DX Theater Exports Surpass \$10 Million in One Year

10:23 AM PST 12/9/2013 by Lee Hyo-won

2 4 0 1 0

Email Print Comments

Nowhere is this concept more pronounced than in the poorer countries of the world. Look at Mexico for an example of this principle in the theater industry. At the Theater Owners Convention, Cinemacon 2013, Mexican based Cinepolis CEO A. Ramirez was honored.



Many industry experts told him he was crazy to bring IMAX to such a dirt poor country. They told him IMAX was too pricey.

There's a good reason that CinemaCon tapped [Alejandro Ramirez](#), CEO of Mexico's [Cinepolis](#), as its honoree for the Global Achievement in Exhibition Award — Cinepolis was the first circuit in Mexico to introduce multiplexes, stadium seating, Imax screens and 3D projection. It's also the world's fourth-biggest exhibition chain and its largest luxury cinema operator.

Alejandro remarked that he told the doubters, 'the harder people work for something, the more they seek equal value'. He stated that Mexicans value quality and customer service over price.

The value of the experience at Cinepolis was so distinctive that the brand has now gone global. It is the fourth largest exhibitor in the world.

Alejandro saw another value to add to the customer experience at Cinepolis in 2011.

It has also adopted the Next Big Thing, 4DX immersive technology, before any U.S. circuit, and now operates 16 4DX screens in Mexico, two in Brazil and one in Peru. More look likely to follow.

#### LESSONS FROM ALL OF THIS:

- ✚ Bahamians are a very proud people. They work hard for what they have. They seek VALUE in any experience they have.
- ✚ Whether its an educational documentary for students or a place for adults to unwind;The Showcase will adds value to the lives of its community.

**THE SHOWCASE WITH IMAX**  
Where Movies Become Amazing™



# Phase Two of Project Development for Atavus Group





## Modern Shopping Center in the Heart of Nassau



view at courtyard



view at night