

Movie theaters in developing economies should consider the big screen

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In emerging economies, where real estate is expensive and space is limited, there has been a boom in multiplex movie theater construction fueled by the conviction that small screens with many show times will increase ticket sales. But new research from the University of Chicago Booth School of Business finds that the strategy doesn't always work.

In the paper *Quality vs. Variety: Trading Larger Screens for More Shows in the Era of Digital Cinema* by Chicago Booth Assistant Professor of Marketing Anita Rao and Stanford University Professor Wesley R. Hartmann, researchers find that movie house owners could benefit from considering the demographics of local audiences.

They ask the question: Do local moviegoers prefer the quality of the big screen or the convenience of a variety of show times? And the answer is - it depends on where you live.

The study, published in *Quantitative Marketing Economics*, finds that overall, adding one more show time has a greater impact on boosting ticket sales than increasing screen size. But, when researchers broke down the data by demographics, they discovered urban markets with a large percentage of highly educated consumers showed a preference for wider screens while other regions favored a greater variety of show times.

The researchers conducted the study in the densely populated cities of India where recent economic growth has led to a boom in cinema

construction, particularly of multiplexes showing the same film on several small screens. They collected data from 14 markets and seven theater chains across India, examining consumer choices made for about 600 film screenings over the course of 44 weeks.

Digital technology reduces the costs of additional screenings for a given movie because a digital copy of a movie can run on multiple screens at the same time, the study said. While additional shows are generally worth the screen-size tradeoffs, theater owners need to be aware of the exceptions to maximize [ticket sales](#).

"The study has implications for theater chain owners expanding into international markets," said Rao. Using demographic data to isolate which markets prefer the quality of a bigger screen to the convenience of more show times can help marketers attract more customers and sell more tickets.

More information: [home.uchicago.edu/~anitarao/in ...
_files/Multiplex.pdf](http://home.uchicago.edu/~anitarao/in_files/Multiplex.pdf)

Provided by University of Chicago

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