INSTITUTO TECNOLOGICO Y DE ESTUDIOS SUPERIORES DE MONTERREY

CAMPUS MONTERREY

ESCUELA DE GRADUADOS EN ADMINISTRACION PUBLICA Y POLITICA PUBLICA

THE FUTURE OF CINEMA-GOING EXPERIENCE: THE FILM INDUSTRY IS NOT DEAD, BUT IS CINEMA-GOING?

TESINA

PRESENTADA COMO REQUISITO PARCIAL PARA OBTENER EL GRADO ACADEMICO DE: MAESTRA EN PROSPECTIVA ESTRATEGICA

POR

LORENA VIANEY PULIDO RAMIREZ

MONTERREY, N. L. DICIEMBRE DE 2009

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Los miembros del comité de tesina recomendamos que el presente proyecto de tesina presentado por la Ing. Lorena Vianey Pulido Ramírez sea aceptado como requisito parcial para obtener el grado académico de:

Maestra en Prospectiva Estratégica

Comité de Tesina:

Dr. David Güemes Castorena
Asesor

Mtra. Carmen Alicia Moreno Merino
Sinodal

Dra. Mariana Gabarrot Arenas
Sinodal

"The future has not been written, but remains to be created" —

Michel Godet, 1987.

EXECUTIVE SUMMARY

This document is presented as a requirement for obtaining the master degree on Strategic Foresight from EGAP at the Tecnológico de Monterrey. With the thesis report, based on an internship program in Kairos Future's headquarters in Stockholm, the Strategic Foresight program is concluded.

Kairos Future is an international futures research and strategy consulting firm, based in Scandinavia, which works with private and public sectors and has presence in about 15 markets through its researcher's network and its representation offices in other countries, like Spain, France and Denmark.

The internship's objective was to allow the author to develop and put into practice the knowledge acquired during the master's program. Through this experience, it was possible to complement her professional and academic preparation, become involved in a future-oriented environment and be part of continuous discussions on topics related to this field.

The objective of this project was to explore through the development of the first phases of the Kairos Future's TAIDA method, the possibilities--what *could* happen--in relation to the future of the Cinema-going Experience. This report includes the identification and analysis of future trends, obtained through a Delphi exercise, the generation of future scenarios and a set of recommendations for subsequent efforts.

ACKNOWLEDGEMENTS

This thesis is the culmination of a project that started two years ago. During this time as a student of a master's program, I was able to discover new opportunities and faced new challenges. I am grateful with the *people involved in this journey* for their different contributions that have allowed me to grow.

For the development of this document, I have received the support of many individuals. So, in this section I would like to acknowledge:

Kairos Future for a welcoming, enlightening and fun experience. 'Tack så mycket' to all Kairos' members for let me be and feel part of the organization, for sharing with me answers but mostly for raising new questions.

The Group of Experts for their interesting insights and sharing experience. Thank you for getting on board with the project, and for a selfless and value-added participation.

The Members of the Committee for their professional advice and expertise. Thank you for your interest, your time, and your valuable assistance.

And last but definitely not least, a heartfelt thank you to *my family* for being part of my planning, for encouraging me to go after the next objective and for enjoying with me the journey and the results of it. Thank you for your support, advice and love.

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I. INTRODUCTION

The future intrigues all of us, whether we take a passive, adaptive or voluntary attitude[1] towards it; the future –and what can come with it-- is a constant topic in our daily life. For some people, the future is already determined and it is revealed to us gradually. For others in contrast, the future is a space of freedom, power and voluntarism,[2] where everything is possible.

Michel Godet, one of the most recognized futurists, wrote, "The future has not been written, but remains to be created" (1987). It is in this affirmation, where the foresight takes relevance. If the future is a space of uncertainties, where everything is possible, it is necessary to act in the present to construct and take control of one's own future, or at least, to be aware of others' actions to be able to prepare for their consequences and adapt with anticipation.

Foresight --or futurism-- focuses on the reduction of uncertainty, since there are multiple possible futures; its emphasis is not on predicting what *will* happen, but on thinking and structuring what *could* happen[3]. This discipline, has gained recognition and followers with the passing of time. Private companies, governments and individuals, have experienced the benefits of future awareness and future-oriented action. The futurists, through the use of different methods and tools, think about the future in a structured and collaborative way, and translate this thinking into useful strategic information for improving decision-making processes.

Future study is not only an economically worthwile investment, but is also the way in which an organization can survive a dynamic environment. Authors like H. Igor Ansoff have highlighted the importance of futurism by asserting that "the survival of a business is totally dependent on the ability of its management to foresee and prepare for the future". Other authors seconded this affirmation, "thinking before taking action, anticipating possible problems, and undertaking

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[1] As explain by Michel Godet in "Scenarios and Strategic Management", 1987.
[2] As explain by Juanjo Gabiña in "Prospectiva y Ordenación Territorial", 1999.
[3] Modified from Jamais Cascio's article "Futures Thinking: The basics", 2009.

present actions in the light of a desired future --these rules of conduct now form part of the corporate survival and development kit in the face of a changing world" (Godet, 1987).

In a changing and competitive world, observation, orientation, decision and action, --commonly known as the OODA loop[4]-- are required activities, but to complete this cycle before the opponent is crucial. If an organization omits an element or takes too much time, it could get caught with efforts for situations that have already changed. Because systems are dynamic and involve several actors, "the actual future will be the outcome of the interplay between the various protagonists in a given situation and their respective intentions. How the future evolves is explained as much by human action as by the influence of causalities" (Godet, 1987).

There are without a doubt different and valid ways to study the future. For some people, future studies and strategic planning are isolated efforts. But for others, there is no point in researching and analyzing the future, if it is not translated into strategies for the present. "A marriage between futures studies and strategic determination must be beneficial, since all types of alternative strategic planning, goal setting, and the use of forecasting methods, studies or resources for business management within companies, all presuppose a prior exploration of possible, probable and desirable futures. In this way some convergence between the different approaches of futures studies, forecasting and strategic management has occurred in recent years" (Futuribles, 1983).

One company that thinks that futures research has to lead to action is the Swedish consulting firm, Kairos Future. The firm's work involves three stages: Future, Strategy and Action. In the period from August to November of 2009, the author participated in an internship program at Kairos Future with the intention of consolidate, through a field experience, the theoretical knowledge acquired during her master's studies.

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[4] *As John R. Boyd's OODA loop states, presented by Keith Hammonds in his article "The Strategy of the Fighter Pilot", 2009.*

I.1 Recipient Organization: Kairos Future[5]

Kairos Future[6] AB is an international futures research and strategy consulting firm, based in Scandinavia, and has its headquarters' located in Stockholm, Sweden. Kairos Future works with private and public sectors and has presence in about 15 markets through its researchers' network and its representation offices in other cities and countries, like Spain, France and Denmark.

Kairos Future helps companies and organizations understand and shape their future through:

- Research-based foresight
- Future-based business development and innovation
- Strategy enforcement.

They combine the think tank and creative research company's strengths to generate new insights and ideas, with a consulting agency's focus and ability to recognize what works in practice. Their work is built on their own skills development along with in-house designed and advanced methods of analysis, strategy development and change processes. They work in close collaboration with their clients.

I.1.1 Clients of Kairos Future

The firm's clients are found in all sectors of society: –in trade and industry (manufacturing and service industries), the public sector (state, local and regional government) and non-profit organizations. What unites them is either that they are eager to remain one step ahead of their

[5] *Information obtained from the company's web page.*

[6] *In Ancient Greece KAIROS was the word for "the right time", or "time for a change". But Kairos was also a god, son of Zeus and grandson of Chronos. The legend says that Kairos was small and swift and hard to catch. But if you could catch his pony tail, you could stop time-- and make a difference. Kairos Future's mission is to help their clients to catch Kairos-- to understand the present as well as the challenges and opportunities ahead, to make the right decisions and start acting.*

competitors, or that they are being confronted with major strategic challenges. These might include changes in the industry as a result of new technology or new players, changed customer requirements and behaviors, or internal challenges in the form of new co-workers or shifts in competence, among other reasons.

I.1.2 Headquarters Information

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FUTURE

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101 36 Stockholm, Sweden

Telephone: +46 – (0)8 – 545 225 00

E-mail: info@kairosfuture.com

Web page: www.kairosfuture.com

I.2 Internship's objective

The purpose of the internship was to develop and put into practice, the knowledge the author acquired during the master's program. The author contributed to the international section of Kairos Future, focusing on services related to surveys on values of lifestyles, taking part in research, analysis and administrative tasks as well as internal meetings and international marketing activities, particularly for the Kairos Future's office in Spain. This report however, focused on the participation in a project developed for Film Gävleborg, a regional resource center for film and video production.

I.3 TAIDA™: Kairos Future's framework for thinking of the Future

Kairos Future's TAIDA™ is the core methodology for their work. It has been the framework for futures oriented strategy and business development projects through the years. TAIDA™ process stands for:

- Tracking. Integrate an inventory of trends and uncertainties that could affect the client's future situation. Trace changes and signs of threats and opportunities.
- Analyzing. Analyze trends in the present and their consequences in the future, often through the generation of scenarios.
- Imaging. Identify possibilities and generate visions of what is desired. Develop an emotional relationship to the alternative futures faced.
- Deciding. Develop, prioritize and analyze choices and strategies to achieve the future desired. Make decisions and make the connection with concrete actions.
- Acting. Achieve a lead through action, follow-up, and broad commitment of the entire organization.

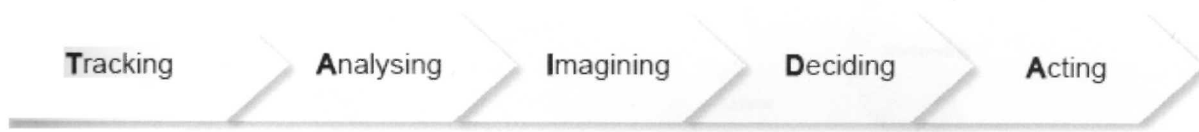

Figure 1: TAIDA™ process diagram[7]

Each of these steps, shown in Figure 1, involves a variety of proven methods for data collection, analysis, generation of ideas and evaluation. In the next sections of this report, more information and description on specific steps will be presented.

[7] *As presented by Mats Lindgren and Hans Bandhold in "Scenario Planning: The Link Between Future and Strategy", 2009.*

II. INTRODUCTION TO FILM GÄVLEGORG'S PROJECT

Between August and December 2009, Kairos Future worked with *Film Gävleborg*. This entity is a regional resource center for film and video production within Sweden. It was founded in 2001 by the county council in Gävleborg and the Swedish Film Institute, and has its office in Gävle the largest city in Gävleborg region and also its capital.

II.1 Gävleborg Region

Gävleborg is a county that stretches from Nordanstig in the north to Gävle in the south and consists of 10 autonomous communes. It has around 279,000 inhabitants on a land area of 18,192 km^2, which represents slightly more than 4% of the whole of Sweden's territory. The main activities in the region are forestry and wood processing since Gävleborg is the most wooded county in Sweden. A map of the location of the Gävleborg region is shown in Figure 2.

Figure 2: Sweden map and Gävleborg County's municipalities.

II.2 The Client: Film Gävleborg[8]

Film Gävleborg aims to support the art of film and to create a strong infrastructure that will make it possible for the film and media industry in the region to grow. The entity works as a resource for people producing and screening film and video art, by providing news, advice, training, technical and financial support. This entity developed *Film Resource Gävleborg* one of their main programs that contribute to the fulfillment of their general objectives.

The eligibility for financial support depends on whether an individual has connections to the Gävleborg County. A person that lived, lives or works in the region can apply to Film Resource Gävleborg. If an outsider wants to qualify for the program, there are some ways in which this would be possible. For example, shooting the film in the region and involving regional filmmakers in the production, would make a foreigner eligible.

Due to Film Gävleborg's focus on film and media industry growth; attendance rates to local cinemas are one of their main indicators of success. They are interested in keeping cinema-related facilities occupied, because the visit to a Cinema is more than a business: it is a deeply rooted social and cultural activity in the county. However, in the global context, data have stated that this leisure activity is facing challenges that are reflected in the drop of visitor rates in cinemas. The current situation justifies a deeper investigation and makes it relevant.

This project generated from a broad question to Kairos Future, *how could I contribute to the increase of visitor rates in local cinemas?* With such a general interrogation, the definition of the project was critical, as Ackoff (1974) wrote "we fail more often because we solve the wrong problem, than because we get the wrong solution to the right problem". Film Gävleborg wants to understand its market, audience's interests and motivators to Cinema-going and to find correlation between data, to inform decision-making and long-term planning in the organization.

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[8] *Information obtained from Film Gävleborg's web page.*

II.3 Objective and General Structure of the Project

The main objective of this project is to contribute to the decision making process of Film Gävleborg, by providing results that can be translated into useful strategic information that will allow the organization to increase the visitor rates in local cinemas. There are two specific objectives:

1. To develop a diagnosis of the current situation and map interests and motivators related to cinema activities for people in the region through a survey that aims to understand the cinema-behavior of citizens in Gävleborg. This survey had more than 1,000 respondents out of 280,000 inhabitants.
2. To identify the main trends in the global arena that are having or will have an impact on the cinema-going experience through a participative process, trends are identified and the findings are analyzed and presented in future scenarios. This document is based on the process followed to achieve this objective and was conducted by the author.

II.4 Prerequisites to TAIDA™ implementation

Prior to TAIDA's Tracking it was necessary to define a focus and objective for the initiative and to have a clear image of the past and the present. In the next paragraphs as prerequisites for TAIDA™: the concept of "Cinema-going Experience" is defined, an introduction to the current situation of this leisure activity in a global context is presented, as well as the investigation's focal question with its corresponding time horizon.

II.4.1 Cinema-going Experience definition

"Cinema-going" is the activity of going to a cinema facility to watch a movie. People who go to the cinemas are regularly called "cinema-goers". Cinema-going is an inherent leisure-time activity that originated in Paris in December 28, 1885. Their founders were Louis and Auguste Lumière whom invented a camera and projector early on that year, produced some films and sold tickets for their exhibition in what is consider the first Cinema. Cinema combines images with storytelling that can be either real or fictional. Even from its origins films were developed in two main streams; a cinema of reality, —based in the real world that surrounds us--, and a cinema of illusion, –where innovation and dreams become true.

Going to a cinema is much more than just watching a film. "No other way of viewing a film can generate the same thrill, the feeling of a great event, the sharing of a dream. Only from the big screen does a film enter people's collective imagination and start out on the road to success" (Cinema Yearbook, 2008). This investigation focus on the "Cinema-going Experience", which is not only defined as the activity of going to a cinema to watch a movie, but it involves all the elements that contribute to and interact with the success of this activity.

Different variables that impact the Cinema-going Experience were identified through a media scanning, and were summarized by the author, in these following categories:

- Sound and image technical quality
- Range, quality and novelty of films shown
- Accessibility of a cinema (proximity, location, parking, etc.)
- Comfort of the cinema (seating, controlled temperature, infrastructure, etc.)
- Quality of service (price, cleanliness, queuing time, staff, etc.)
- Food and refreshments (quality and choice)
- Complementary services (luxury focus, nursery, promotions, shops or restaurants, etc.)

In figure 3, these categories and their impact on the Cinema-going Experience, are represented in a diagram. In it, the importance of each variable on assuring a successful cinema experience for the visitor is evident. However, the priority of each variable will vary among countries and age groups, and there is subjectivity when evaluating their importance.

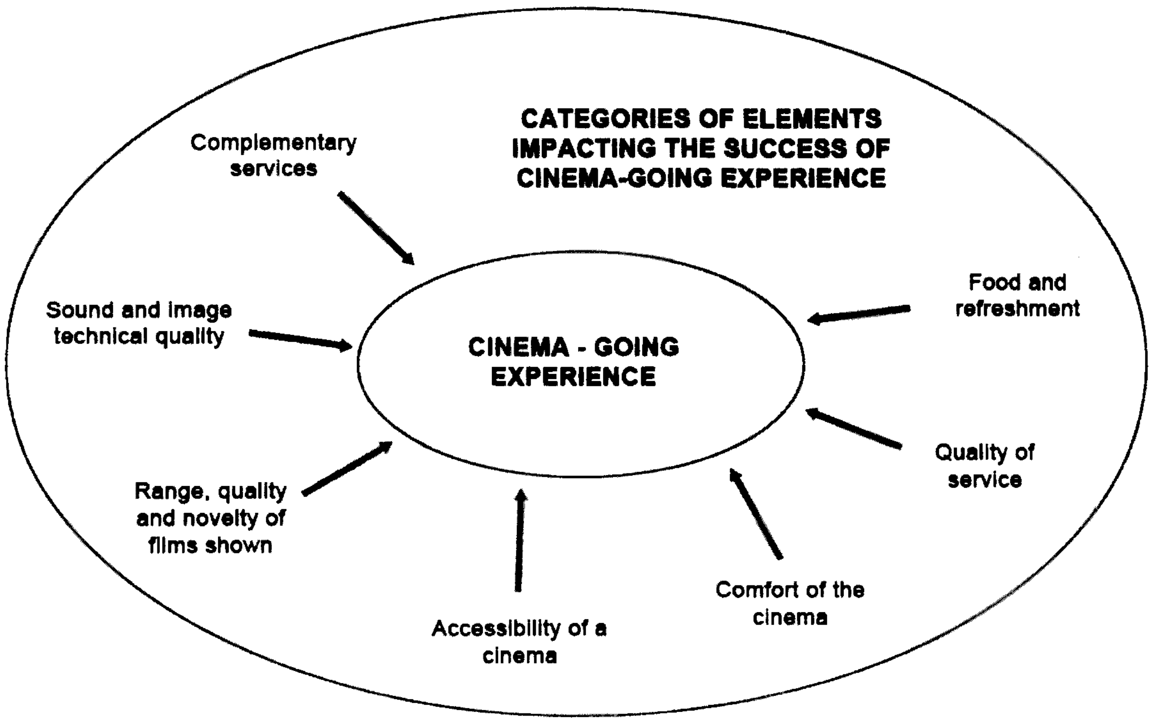

Figure 3: Some elements impacting the success of Cinema-going Experience

II.4.2 Current Situation: Cinema-going Scan

Cinema originated in Europe more than 100 years ago. From its origin, history experts and analysts have several times predicted the end of Cinema-going; in the 1950s when television became available and accessible, in the 1960s when it became more sophisticated and it developed color TV and large screens, in the 1980s when video recorders came to the picture and lately in the 2000s with the growth of Internet and home video equipment. In this section, a scanning of the current situation of this leisure activity in a global context is presented since it is necessary to have a clear image of the present before jumping into studying the future. Four main indicators in measuring the success of cinema in an international context are analyzed; admissions sales, number of screens, global box office and frequency of visits per capita. These variables are constantly measured by actor of the industry and are considered critical issues. These behaviors (from 1995 to 2007) are presented next, including data on the United States, Western Europe[9], Japan, Mexico and Sweden. For each element, information of different aspects that may be responsible for each behavior is integrated.

a. Admissions Sales

Admissions Sales measures the total number of tickets sold for all films screened during each specific year. As observed in the Figure 4, global ticket sales were rising steadily until 2002 after which this measurement tended to decrease. When comparing 2007 data to 2006, a decrease can be identified in Western Europe, Japan and Sweden. The United States, however, presents a small positive variation between those years, but this rise is small if compared to the highest peak in 2002. In 2007, 200 million fewer tickets were sold in the United States than in 2002. In Appendix 1, admissions sales from 1995 to 2007 are integrated in a table, accompanied by a second table that presents the variations between years.

When trying to explain the decreasing tendency for admissions tickets sales, a variable relevant is the average price of the tickets sold. However, the average ticket price has presented a general decreasing tendency in markets like Japan, United States and Mexico. In the United States, after the highest peak in admissions sales in 2002, the average ticket price started to diminish (going from 5.53 EUR in 2002, to 4.56 EUR in 2004), but this action was not able to stop the decrease in ticket sales and 115 million fewer tickets were sold in 2004, when compared to the sales in 2002. In contrast, Western Europe has a clear increasing tendency in the average price of their admission tickets. From 1995 (4.64 EUR) to 2007 (6.31 EUR) the ticket price increase was 36%.

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[9] *Media Salles study for Western Europe, includes information from the following countries: Austria, Belgium, Denmark, Finland, France, Germany, Iceland, Ireland, Italy, Liechtenstein, Luxemburg, the Netherlands, Norway, Spain, Sweden, Switzerland and the United Kingdom.*

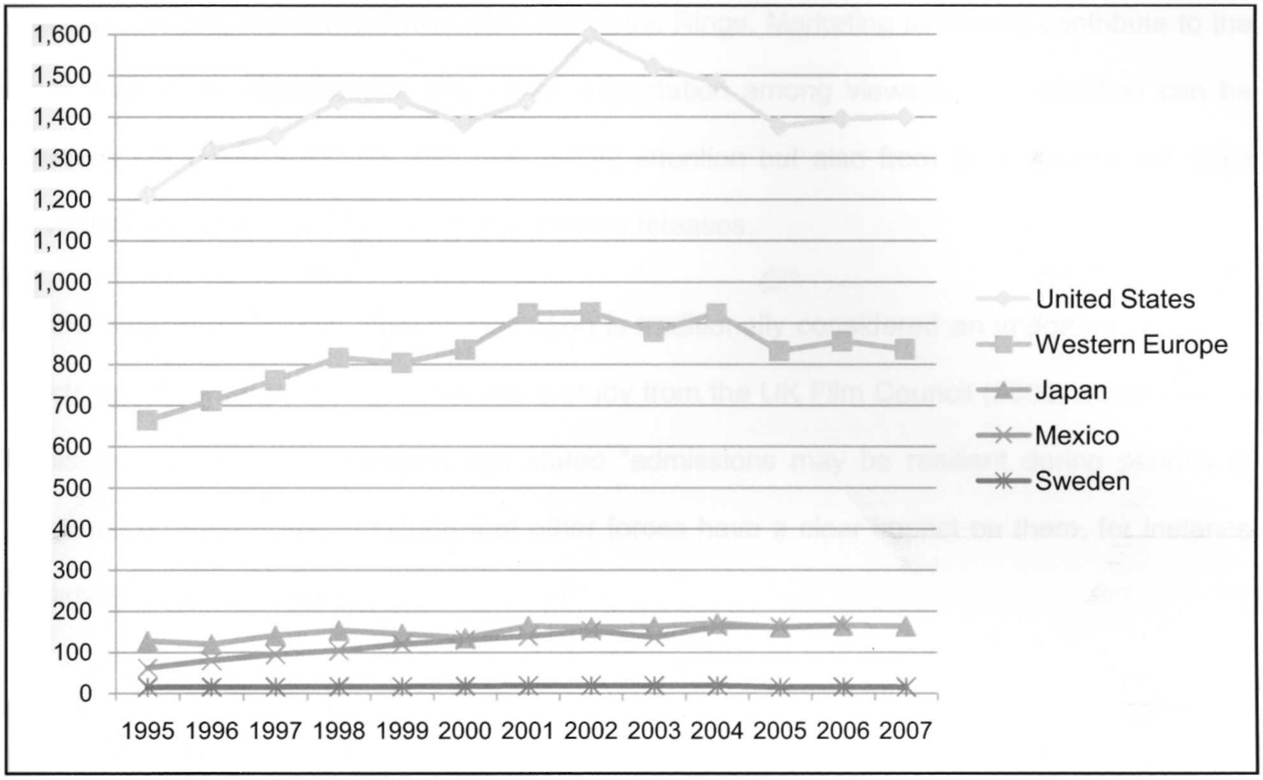

Figure 4: Admissions Sales (x 1,000,000), 1995-2007, Cinema Yearbook 2008.

Price is normally considered the most relevant factor in explaining admissions sales, but some data challenged this conclusion. In London, Stelios Haji-loannou, the owner of Easy Jet developed a new business model based on this belief and in the success experienced in his airline. He called it "The Easy Cinema". The Easy Cinema started in 2003 and is located in Milton Keynes. It offers a no frills experience, minimum staff presence, self-service vending machines and a price ranging from £0.75 to £4.50, but it does not figure in the top grossing cinemas in the UK. However, when compared to the other cinema in Milton Keynes, Cineworld, where ticket prices sit at £6.40 and offers a traditional cinema experience, is the fifth highest grossing cinema in the country. It is clear that for the majority of consumers, price is not a determining factor.

One factor that has a consistent relation to admissions sales is the release of Hollywood films and blockbusters; for instance, the peak in 2002, was explained by the screening of high-profile sequels of serials like Harry Potter and Lord of the Rings. Marketing strategies contribute to the success of these blockbusters and raises expectation among viewers. This situation can be observed not only for movies with high media attention but also from awards obtained. Data prove that admissions are heavily dependent on releases.

On the other hand, global economy situation is traditionally considered an important force that affects the Cinema-going. Nevertheless, a study from the UK Film Council (2008) about cinema admissions in times of recession has stated "admissions may be resilient during periods of economic downturn" and conclude that other forces have a clear impact on them, for instance the advent of VHS in the 80s.

b. Number of Screens

Number of Screens measures the total number of screens available in cinemas during each specific year. As observed in Figure 5, the number of screens keeps rising; except for Western Europe that presents a decreasing tendency in recent years (2005-2007). When comparing 2007 data to 2006, a slight decrease of 0.22% can be identified in Western Europe and a decrease of 10.42% in Sweden. The United States, Japan and Mexico, on the other hand, present an increase in the number of screens in their markets. From 1995 to 2007, Japan and Mexico have positive variations between years, which indicate that these markets have continuously increased their number of screens over the years. An interesting fact is that for the United States, Japan and Mexico the last available data are the largest registered, which suggest that the number of screens in the countries will continue to increase the supply in their respective markets. In Appendix 2, information on the number of screens from 1995 to 2007 is integrated in a table, accompanied by a second table that presents the variations between years.

The number of screens determines the supply factor in a market. That is why it is important to assure that the demand is satisfied by the supply, by calculating the number of screens available per capita. In 2007, the number of people per screen in United States was 7,535 (against one screen for 9,583 in 1995). The number of people per screen in Japan in 2007 was 39,739 (against one screen for 70,439 in 1995). In Mexico, there were 27,177 persons per screen in 2006 (against one screen for 61,003 in 1995). In contrast, Sweden presents the inverse; in 1995 there was one screen for every 7,548 persons but in 2006 this proportion was higher with 7,728 persons per screen. Even when the increased number of screens in a country suggests there is a business opportunity, companies are careful because in the United States, chains have filed for bankruptcy due to an oversupply situation in the market.

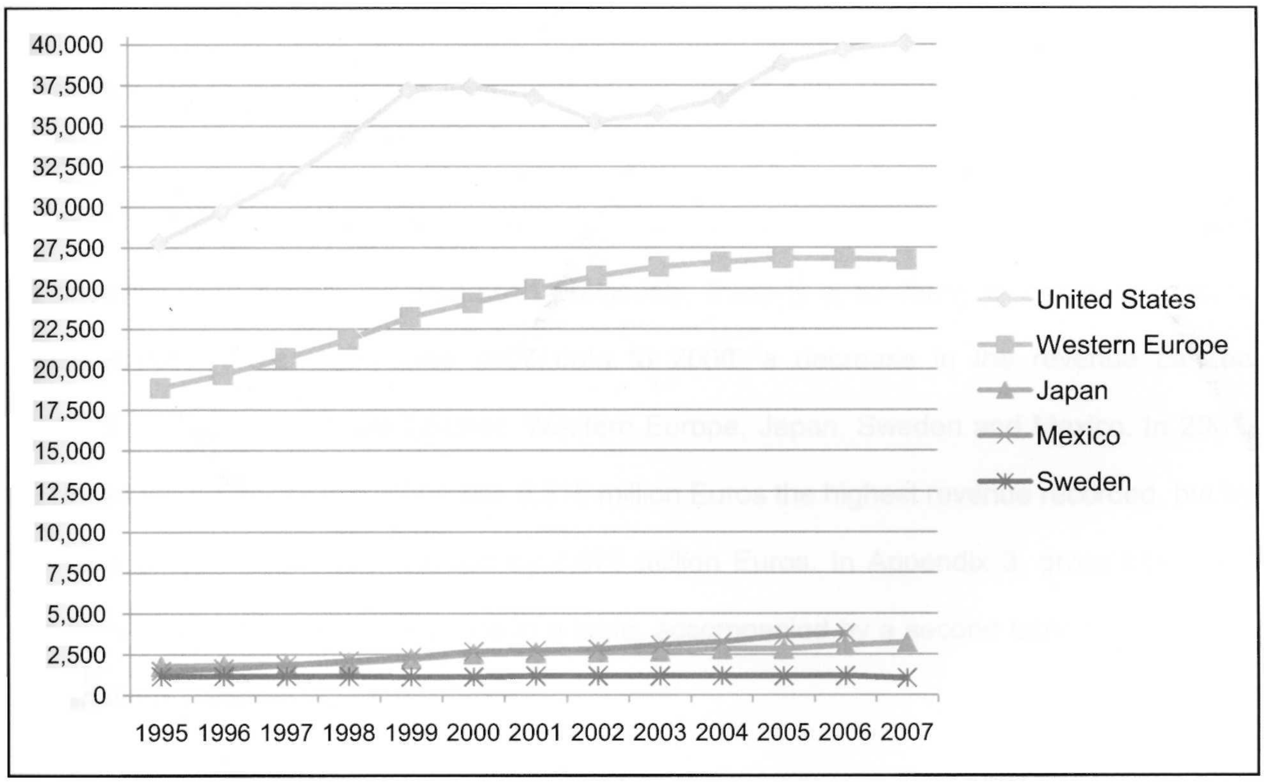

Figure 5: Number of Screens, 1995-2007, Cinema Yearbook 2008.

Another situation, that is relevant to the number of screens available per territory, is the technology required for their function. There is a clear movement towards digital cinema, which implies an investment for the transition from traditional to digital technology. Added to this, there has been a boom in 3D releases, which force theaters to invest in a projector that can accommodate this type of technology.

In general, the drivers for screen success are: realistic size of potential market, proximity to other leisure facilities, quality of the cinema and parking. On the other hand, inhibitive factors are poor locations, old infrastructure and over-concentration of screens in certain areas.

c. Gross Box Office

Gross Box Office measures the total revenue from ticket sales, including taxes, during each specific year. Figure 6 shows gross box office revenues were rising but after 2001 they present constant fluctuations. Revenues are not only related to the number of tickets sold, but also to the price of those tickets, as discussed previously, there is a tendency to decrease in both measurements. When comparing 2007 data to 2006, a decrease in the revenue can be identified in all markets, United States, Western Europe, Japan, Sweden and Mexico. In 2001, the Unites States' gross box office was 9,219 million Euros the highest revenue recorded, but by 2007 this amount had been reduced by 2,678 million Euros. In Appendix 3, gross box office data from 1995 to 2007 are integrated in a table, accompanied by a second table that presents the variations between years.

When trying to explain the fluctuations in gross box office, a variable that comes to mind as the primary cause is Movie Piracy. This is a consolidated threat and one of the most challenging problems facing the film industry. The Motion Picture Association of America (MPAA) estimates that American studios lose more than $3 billion annually in box office revenue from piracy.

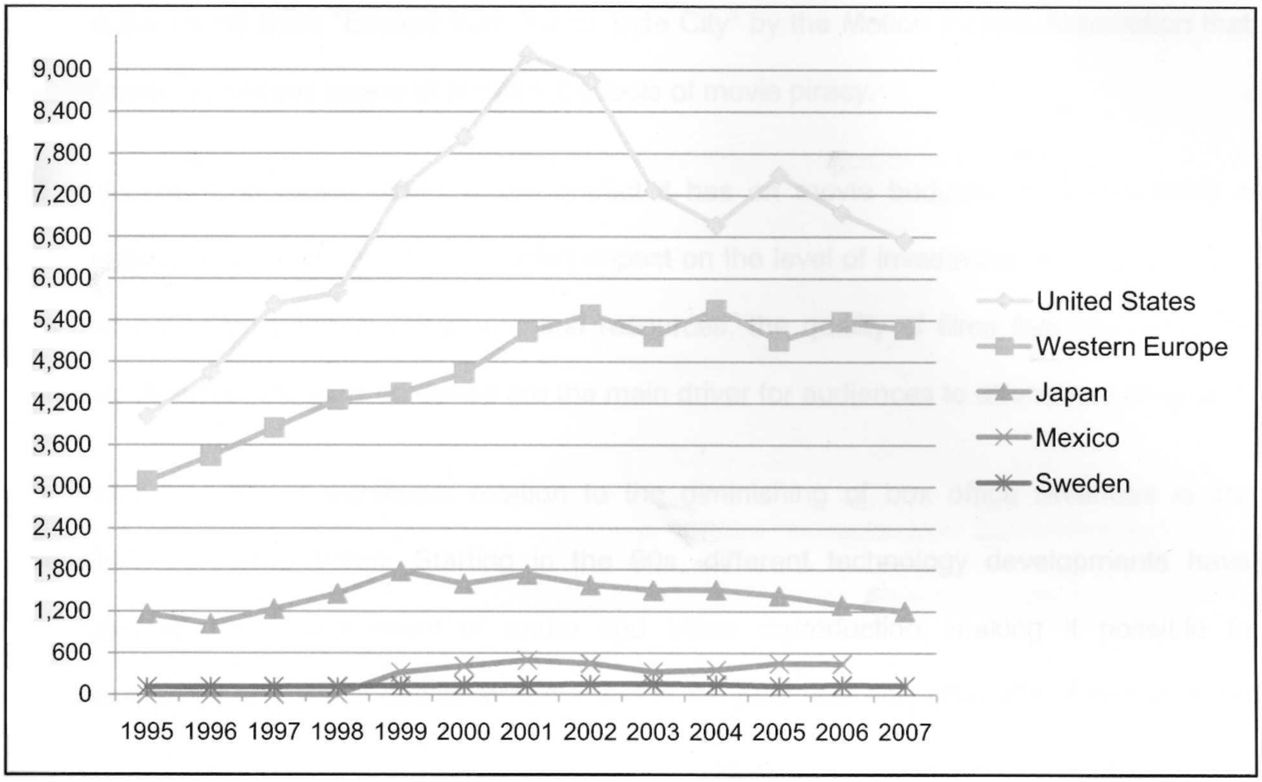

Figure 6: Gross Box Office (x 1,000,000, Euro), 1995-2007, Cinema Yearbook 2008.

Numerous studies have discredited the theory that piracy increases sales by showing that Internet piracy diminish box-office revenues of motion pictures and also have an impact on lost sales of legal DVDs and online films. Added to this, Hollywood members are stating that piracy has a ripple effect in the economy by lost sales, lost jobs, and tax revenues, among other factors, and are urging Washington to face this problem. The movie industry is asking governments to toughen laws on Internet activities and sharing, and to track and crack down illegal DVD factories in their countries. According to the consulting firm L.E.K. 38% of movie piracy occurs on the Internet, and 62% by counterfeit DVDs.

There is a shared interest to raise the level of awareness to preserve the screen industry's future, particularly among young people. Marketing and education campaigns are developed all over the world with this objective, for example in New Zealand children visiting a Cineplex received the comic book "Escape from Terror Byte City" by the Motion Picture Association that aims to make audiences aware of the direct effects of movie piracy.

The main effect on movie piracy is the impact it has on movie budgets; by jeopardizing a movie's ability to gain money, it has a direct impact on the level of investment available for new films and products. Without investment and resources, the quality of films that are produced cannot be assured, the films screened are the main driver for audiences to attend to a cinema.

One factor that has a significant relation to the diminishing of box office revenues is the accessibility to Home Video. Starting in the 90s, different technology developments have contributed to the improvement of audio and video reproduction, making it possible to experience audio and visual quality at home that in the past was only offered in cinemas. High Definition format and Blue-Ray can provide near cinema quality. The success of this possibility can be measured by the DVD sales for films.

However, entities like The Motion Picture Association of America (MPAA) are reluctant to share the information of those earnings. According to Screen Digest, American studios gained $11.4 billion in wholesale revenues from the $24.6 billion those overseas consumers spent buying and renting home video products in 2004. This proves that revenues from international home video sales are growing fast. This phenomenon is affecting business and inflating budgets for films with huge international potential.

d. Frequency of Visits per Capita

Frequency of visits per capita measures the number of times a person goes to a Cinema during each specific year. This is calculated dividing the number of tickets sold over the population per territory. As observed in Figure 7, frequency of visits to the cinema per capita is a measure that presents constant fluctuations. When comparing 2007 data to 2006, a negative variation can be identified in Western Europe, the United States and Sweden. Japan does not present variation in this measurement between years. The United States is by far the territory with the highest frequency per capita. In 2002, year of its highest record, the rate was 5.55. On the other hand, Japan had in 2004 its highest record with 1.33, the fourth part of US rate. In Appendix 4, frequency per capita data, from 1995 to 2007 are integrated in a table accompanied by a second table that presents the variations between years.

One curious fact is the independent behaviors between admissions sales and frequency per capita; a rise in the first variable does not mean a rise in the second one. For example, despite rising admissions in Mexico, the country has a relatively low rate of cinema attendance with the highest value of 1.59 times per customer in 2004. This situation makes evident the potential growth in visits, especially when compared to US rates where annual cinema visits were 5.06 in the same year.

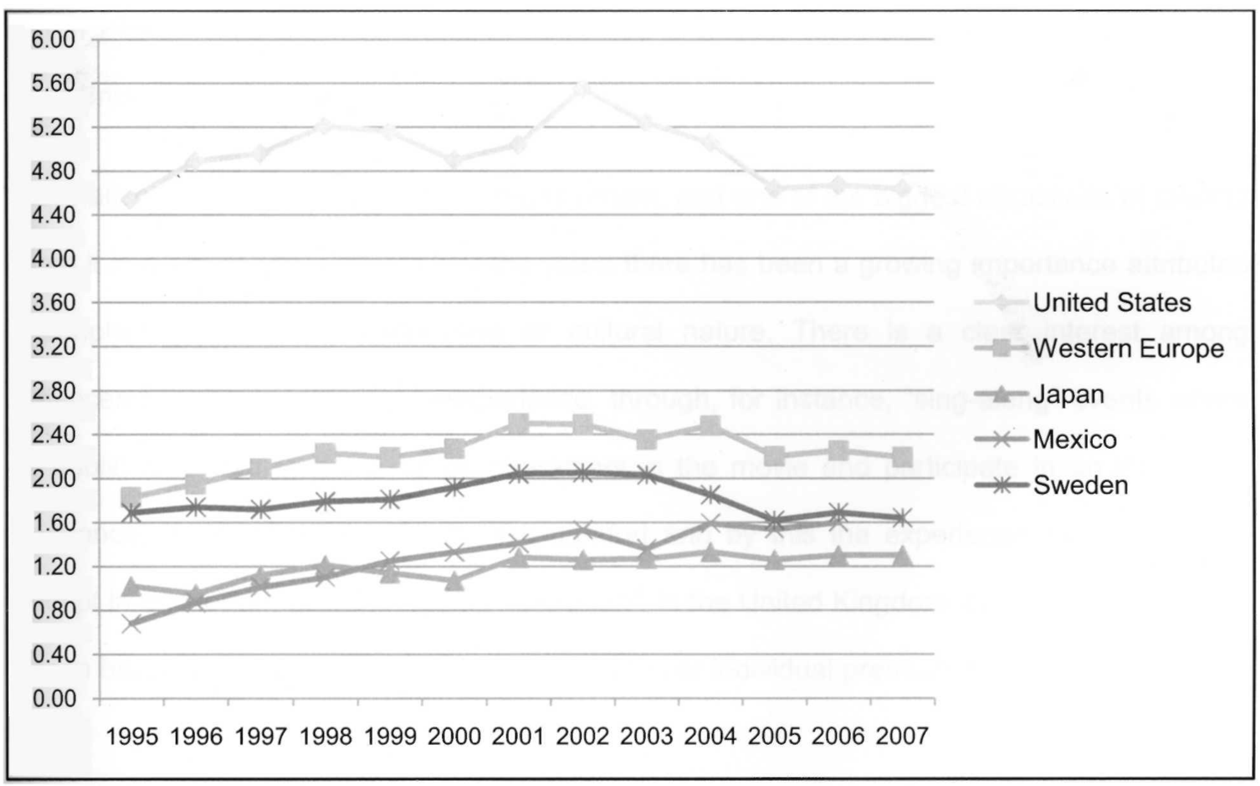

Figure 7: Frequency of Visits per Capita, 1995-2007, Cinema Yearbook 2008.

When trying to explain the fluctuations in the frequency per capita indicator, it is necessary to identify and understand the core audience. The most frequent Cinema-goers are those in the age group between 14 and 24 years. The 25-34 years olds are the next reliable group to go to the cinema. However, as people get older their attendance rates decrease. If this tendency is reverted, the broad spread in ages will affect cinema operation and design and will make it harder for providers to fulfill requirements from different age targets. In some parts of the globe, there are different types of cinema for different types of cinema-going experiences. Megaplexes and multiplexes are favored by young audiences and families and single-screen cinemas and small complexes are a favorite among older audiences.

In analyzing the drivers for cinema attendance for the core audience, Media Salles report that there are varied among countries. A higher percentage of young people based their choice on the critics' opinion in Great Britain, the trailer in France and Denmark, on the advice or prizes won in France, and the movie theater itself has a great influence in Denmark, Sweden and Great Britain.

Above all, cinema-going is a form of entertainment, and one of the biggest attractions of cinema is that it is a social experience. Over the years there has been a growing importance attributed to peripheral services of informative or cultural nature. There is a clear interest among audiences to enhance the movie-experience, through, for instance, "sing-along" events where the public is invited to dress up as characters in the movie and participate in an interactive experience. In an effort to enhance the comfort and by this the experience itself, the latest concept in auditorium design is called "Evolution", in the United Kingdom, customers are able to choose beanbags, sofa pods for couples or families or individual premium seats.

II.4.3 Current Situation: In Synthesis

Admissions Sales	Global ticket sales were rising steadily until 2002 after which this measurement tended to decrease. In 2007, 200 million fewer tickets were sold in the United States than in 2002.
	The average ticket price has presented a general decreasing tendency in markets like Japan, United States and Mexico. In contrast, Western Europe has a clear increasing tendency in the average price of their admission tickets.
	Admissions sales are heavily dependent on releases. Marketing strategies contribute to the success of blockbusters.
	Admissions may be resilient during periods of economic downturn, but are impacted by other forces, for instance, the advent of VHS in the 1980s.

Number of Screens	The number of screens keeps rising; except for Western Europe that presents a decreasing tendency in recent years (2005-2007).
	Some chains in United States have filed for bankruptcy due to an oversupply situation in the market.
	There is a clear movement towards digital technology and 3D projection, which implies a big investment for exhibitors that want to accommodate this type of technology.

Gross Box Office	Gross box office revenues were rising, but after 2001, they present constant fluctuations. Revenues are related to the number of tickets sold and to the price of those tickets.
	The movie piracy is a consolidated threat and one of the most challenging problems facing the film industry. American studios lose more than $3 billion annually in box office revenue from piracy.
	Technology developments have contributed to the improvement of audio and video reproduction, making it possible to experience audio and visual quality at home that in the past was only offered in cinemas.

Frequency of Visits per Capita	The frequency of visits to the cinema per capita presents constant fluctuations. When comparing 2007 data to 2006, a negative variation can be identified in Western Europe, the United States and Sweden.
	The United States is the territory with the highest frequency per capita. In 2002, year of its highest record, the rate was 5.55. On the other hand, Japan had in 2004 its highest record with 1.33, the fourth part of US rate.
	The most frequent Cinema-goers are those in the age group between 14 and 24 years, as people get older their attendance rates decrease.
	In order to satisfy audiences, in some parts of the globe, there are different types of cinema for different types of cinema-going experiences.

II.5 Conclusions

This project aims to contribute to the decision making process of Film Gävleborg, by providing results that can be translated into useful strategic information. This information will allow the organization to increase the visitor rates in local cinemas by anticipating changes in the arena and understanding how a player within the arena could adapt in order to attract the future visitor.

Kairos Future's TAIDA™ is the framework used for thinking about the future. Prior to TAIDA™ implementation it is necessary to define a focus and objective for the initiative and to have a clear image of the past and the present.

In this introductory phase, four main indicators in measuring the success of cinema in an international context were analyzed; admissions sales, number of screens, global box office and frequency of visits per capita. From the results, it is evident that film industry faces a time of changes, an increasing general interest in cinema, new sources for accessing it, new technology developments that can consolidate in opportunities and growth in the current and new businesses.

In the following chapters, a further analysis of the information will focus on answering these questions, *what will be the future of the Cinema-going Experience in the next 5-10 years? Is Cinema-going dying or just under transformation?*

III. TRACKING

With a clear image of the current situation, it is possible to start thinking about the future. The first step in the Kairos Future's TAIDA™ process is called Tracking; the name is directly related to its essence, since in this phase a tracking of changes in the environment is conducted. These changes are signs of threats and opportunities and could affect the client's future situation.

In identifying environmental changes, Kairos Future believes that the approach an organization should follow is an outside-in perspective as represented in Figure 8. By looking at the driving forces in the surrounding world, it is possible to anticipate changes in the arena in which the organization is immersed. Traditional inside-out perspective may not perceive changes that are not still evident and will not be appropriate for a dynamic and complex environment.

III. 1 Trend Spotting

The changes that are tracked in this phase are looked in the way of trends. A trend is a change happening in the present that can be perceived and proved, and is expected to continue in the future. A trend has to be a change happening for some time in some direction. Kairos Future uses an analogy with meteorology to explain this concept; trends would be climate changes rather than just variations in the weather.

During tracking, it is necessary to look for trends related to any of these areas, in the surrounding world to the inner organization:

- Science and technology
- Ecology and earth
- Media
- Social changes and life styles
- Structures and organizations

- Legislation
- Politics
- Economy and market

It is important to study trends and megatrends in the surrounding world because they "provide information on likely future through their present and, therefore, become a starting point to see where it moves the world" (Güemes, 2009). More and more organizations realize that to track changes within their arena and outside it is a critical activity to assure survival. By paying attention to the signs available, it is possible to identify not only threats, but also opportunities. Trend analysis is an important part of every planning process. Organizations need to recognize that the future is shaped not only for the development of an individual trend, but for the interaction and dynamic of a combination of changes in different areas.

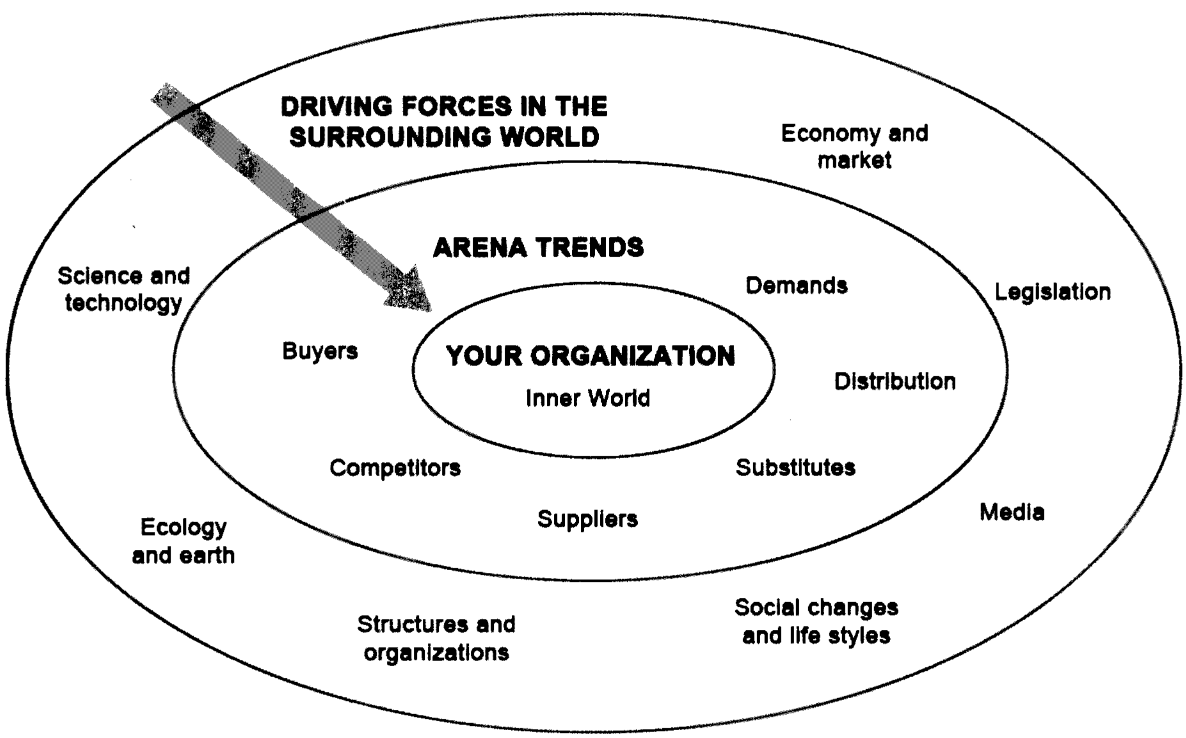

Figure 8: Outside-in perspective for identifying environment changes.[10]

[10] *As presented by Mats Lindgren and Hans Bandhold in "Scenario Planning: The Link Between Future and Strategy", 2009.*

III. 2 Delphi Method

Delphi technique originated for a defense research project carried out by RAND Corporation in United States. Since its origin in 1950s, it aims to reach “a consensus of opinion of a group of experts...--by a series of intensive questionnaires interspersed with controlled opinion feedback”. The Dephi can be defined as “a method for structuring a group communication process so that the process is effective in allowing a group of individuals, as a whole to deal with a complex problem” (Lindstone and Turoff, 2002).

The methodology in a conventional form follows these steps:

1. A respondent group of experts is integrated
2. A questionnaire is designed
3. The first questionnaire is sent to the respondent group of experts
4. After the questionnaire is returned, the results are summarized
5. Based on the synthesis of the results, a second questionnaire is developed
6. This questionnaire is sent and the rounds in the process continue as necessary

The benefits of the use of this methodology are evident and numerous, and its use can only be expected to increase. When deciding the best option for the identification of trends for this investigation, the author privileged Delphi over other methodology options, because this technique makes possible to collect valuable information from a heterogeneous group of experts when face-to-face meetings are infeasible. Through the use of the Delphi technique, first-hand information from experts in the field was obtained and previously acquired information in a media scanning was complemented and validated.

Seven experts participated in the Delphi exercise that was integrated by two rounds. The first round corresponds to the Tracking phase; its process and findings are described in the following paragraphs.

III.2.1 Identification of experts

Due to the global context of the study, the objective for the selection and integration of the respondent group of experts was to assure diversity in opinions. By the participation of experts from different countries, and different areas of expertise, the validity of the results was assured. The group was integrated by; futurists with experience in entertainment, media and marketing; academics with a background in cinema-related studies; a representative of a cinema complex; and a member of a government-funded organization for cinema promotion. According to the Delphi guidelines, the experts did not receive information about other participants, and the anonymity of their participation was secured. In Appendix 5, a brief description of the experts that participated in this exercise is presented.

III.2.2 First Round description

The aim of the first round of this exercise was to identify changes in the environment. By doing it, it is possible to anticipate changes in the arena and to understand how a player within it can adapt in order to attract the future visitor. The experts were asked to identify trends present in an international context for each of the trend areas that are impacting or will have an impact on the way we watch movies in a cinema today. The time horizon for this exercise was 5 to 10 years. At the end, a synthesis of the results was prepared after feedback on individual responses was offered and the clarity of the contributions confirmed. The first round questionnaire is found in Appendix 6.

III.2.3 Results obtained

After the first round questionnaire was returned, an integration of the responses had to be prepared and each of the trends identified by the group, validated. The results were noteworthy because the experts' opinions converge by identifying some of the changes in the environment, and diverge in others that were based on their area of expertise and location. In the following pages, the results for each trend area are presented, first in a full version of the trends with their description, and later through the integration of a table with a shorter version of the findings.

a. Science and Technology

- <u>Cinemas are increasingly migrating from traditional technology to digital technology.</u>

  More and more cinema owners have implemented digital technology in their complexes; in this way the cinema-going experience can be improved and new types of entertainment can be offered. Because of the costs related to it, some governments have helped cinema owners financing this transition. In other cases, alliances between stakeholders are developed to achieve this objective (T1).

- <u>There is a rise in quality and access of cinema-like technology for home entertainment.</u>

  Entertainment systems that allow the reproduction of a "cinema experience" in a private home are becoming more price-accessible. Developments like HD video, Blue-ray format and surround audio systems enable people to enjoy higher quality audio and video and give power over film selection and reproduction. 3D TV systems and domed screens for home entertainment will enhance the cinema experience at home even more (T2).

- <u>There is a decrease in 3D technology costs and an increase in quality.</u>

  New developments have reduced the costs of the infrastructure required for the film showing and have improved the quality by allowing the 3D effect to be more realistic. For example, RealD have developed a technology where only one projector is required for achieving the 3D effect and previous drawbacks in the technology have been corrected (T3).

- There is an increase in the production and exhibition of 3D films.

  In an attempt to provide audiences things that cannot be provided at home big studios are preparing big and popular movies in 3D format. 3D titles are not focusing only on younger audiences. James Cameron's *Avatar* is an example of a science-fiction movie prepared in 3D format that targets older audiences (T4).

- Immersive Cinema and 4D experiences are increasing.

  Cinemas with 4D offer are increasing as a result of digital technologies. They are relying on the use of smells, water splashes, and seat vibration, among other mechanisms to enhance the movie experience and provoke the spectator's immersion into the film. Also, there is an increase in the domed screening for an immersive cinema effect (T5).

- Interactive cinema is increasing.

  New developments have reduced the barrier between a film and the audience by the provision of an immersive experience that they can sometimes control. For example iCinema Research Centre have developed a technology where the audience can interact with characters and construct their own narrative by selecting among options. On the other hand, there is clear interest among audiences to enhance the movie-experience, through for example "sing-along" projections (T6).

b. Ecology and Earth

- Society is more concerned about the environment and trying to reduce its ecological impact.

  Movements like the "ecological footprint" have raised environmental awareness and promote the reduction of a person's impact on the planet. People in the movement are looking for ways to reduce their footprint by reducing consumption and transportation, for example, which could impact the frequency of visits to a cinema and favored home video.

Environmental awareness has been amplified lately and movements for social transformation are becoming more noticeable, (T7).

- Society is increasingly urging industry to go green.

  More and more people are concerned about the environment, and this is reflecting on the demand to businesses to assure their sustainable development. Ensuring that their present activities do not compromise the lives of future generations is becoming an important task for organizations in general in order to be privileged by people's choice. Cinema owners could be forced to modify cinema experience in order to assure that it is eco-friendly (T8).

c. Media

- Social media and web-based peer opinion are increasingly important.

  More and more internet-based mechanisms like blogs, forums and networks through services like Twitter and Facebook are available for society. People are influenced through social media in their buying patterns and consumption behaviors. Opinions and reviews about a specific product or service are shared between peers and acquaintances and could "kill" a movie shortly after its release. To detect influential nodes and opinion leaders is becoming critical for organizations (T9).

- Media power on portrayal and promotion of films is increasing.

  Media's influence in society is increasing due to new strategies and tools for advertising that reach larger audiences. Marketing of films has migrated from print ads since new media tools for this activity have emerged. Most of the box office' successes are explained by the amount of publicity and promotion they receive (T10).

- Celebrities are becoming more involved in the promotion and positioning of films.

  New social-media tools have broken down the wall between celebrities and their fans. Actors are sharing first-hand information about a movie with a general audience, giving access to project's development and insights on the production. They are also participating in new strategies for promotion related to the theme and topic of their films (T11).

- Simultaneous world premieres of films are increasingly popular.

  More and more films are released simultaneously in world premieres. This allows a film to gain publicity and make people around the globe conscious of new releases by having cast members in the event and direct transmission to others' spots. Also, the film is available at the same time internationally through digital technology (T12).

d. Social Changes and Life-styles

- Movie piracy is increasing.

  The sale of counterfeit DVDs and illegal downloading from the Internet is an increasing threat and one of the most challenging problems facing the film industry. Studios lose billions of dollars annually in box office revenues of motion pictures and piracy also has an impact on lost sales of legal DVDs and online films (T13).

- Deluxe services are becoming more accepted among older audiences.

  There is an increase in the number of facilities that offer luxury service for their clients. Gourmet food, comfortable coaches and a broader range of choice are some of the characteristics of this type of service. Exhibitors are reaching older audiences by investing in more elegant surroundings and more sophisticated concessions (T14).

- <u>Content transfer directly to mobile phones is increasing.</u>

  Mobile phones are not just for talking, they are rivaling PC computers as an Internet platform. The enormous base of mobiles in the world and the development of wireless networks make it possible for people to access the Internet and to find information and entertainment content. In Japan for instance, some of the best-selling novels are written for and read on mobiles. In the same way, movies could be downloaded and enjoy through mobile phones (T15).

- <u>Consumers increasingly want customized goods and services.</u>

  Since consumption is a self-expression tool, there are more and more individualistic consumers that seek goods and services that are personalized and customized. The "focus on me" services are privileged among the generic ones. Cinema-experience could be modified in order to satisfy this group of customers (T16).

- <u>More and more people rely on the Internet as a primary source for information and entertainment.</u>

  The Internet has become a prime source of information and entertainment, threatening television, cinema-going and printed newspapers, for example. Society sees the Internet as a reliable, appealing and dynamic source with free content available. Internet-based activities such as social networking contribute to this trend (T17).

- <u>Leisure activities are increasingly privileged by consumer spending.</u>

  Consumer spending in leisure activities is increasing faster than general consumer spending. Consumers place leisure activities high on the list of the spending preferences, after the basic needs. Technological innovations will impact leisure activities and develop new types of entertainment in a fragmented and highly competitive market. Cinemas could offer an enhance experience with a higher price and be accepted by customers (T18).

- There is an increasing interest for foreign films and new types of storytelling.

  A change in viewers is demanding a change in films. The interest for other cultures and other types of storytelling are making movies like *Slumdog Millionaire* box office successes (T19).

- Cinema facilities are increasingly considered meeting points.

  Cinema is part of the spaces that include other leisure facilities like restaurants, stores, boutiques and even hotels. Cinema facilities are considered safe and comfortable meeting points, especially attracting young audiences that are not watching a movie during their visit (T20).

e. Structures and Organizations

- Big studios increasingly control production and distribution of films.

  Even when Hollywood's power may be difficult to measure, studios are more powerful than ever. The movie oligopoly has repercussions in the content that becomes available for audiences and the content that is produced, and their dominance has rarely been disrupted by newcomers (T21).

f. Legislation

- Restrictive governments are loosening their controls to censor movies.

  Censorship has been a constant problem for the optimum viewing of films. Government subjects media content to censors, to avoid inappropriate scenes to reach younger audiences. Everything that is aired, pass through a previous evaluation process. This affects viewer's freedom and promotes movie piracy. In order to fight this threat authorities are loosening their controls and putting into effect new rating systems (T22).

- There is a tendency of government to toughen laws towards illegal downloading.

  European countries are approving bills to fight Internet piracy. These efforts are supported by the music and film industry and are meant to combat illegal downloading of music, film and computer games. Sweden and France are two examples of countries implementing these measurements (T23).

g. Politics

- Finance film and support for national cinema are increasing.

  There is an increase in government support for the production and exhibition of films. Government-funded entities are distributing resources among cineastes. There is also interference to try to provide national cinema with the possibility of success. For example, cinemas are asked to screen national films for a specific time (T24).

- Films are increasingly used to place political messages.

  More and more films include some political propaganda, such as that used for product branding. Movies place a message for the audience and hide under a documentary label or a fiction story. For example, *Inherit the Wind* is a US film portraying democrats and liberals that enhance the image of the latter political group (T25).

h. Economy and Market

- There is an increase in the price of admission tickets.

  Western Europe has a clear increasing tendency in the average price of their admission tickets. However, in other markets like Japan, United States and Mexico the average ticket price has presented a general decreasing tendency (T26).

- There is a rise in the costs related to cinema-going.

  Increases in the cost of elements in the cinema-going as food, beverages, parking fees, and even a rise in gasoline prices are increasing the cost of the activity for the audience (T27).

- Cinema facilities are increasingly transformed into spectacle centers.

  New forms of content have been introduced to cinema, such as live sporting events and concerts. For example, in 2007 audiences filled cinemas in various regional centers around Australia to enjoy live performances by the Australian Ballet at the Sydney Opera House through the Australian Film Commission's Regional Digital Screen Network (T28).

- There is an increase in the interest of studios on reducing the times between exhibition windows.

  The studios are testing more and more simultaneous releases of their films. The window between DVD release and video on demand (VOD) is closing. Movies are available at the same time on iTunes, cable VOD and DVD (T29).

As a result from the consultation 29 trends were identified; however the trends dimension is different. Some of these trends, like the increasing consumer want for customized goods and services, are located outside the industry arena and correspond to changes at the macro level. Some others, like the increasing migration of cinemas to digital technology, are trends within the film industry arena. In Figure 9, it is graphically possible to visualize the trends and their location in a diagram. It is also possible to visualize how the inner world of Film Gävleborg is surrounded by the industry trends in the trend arena and by the macro trends.

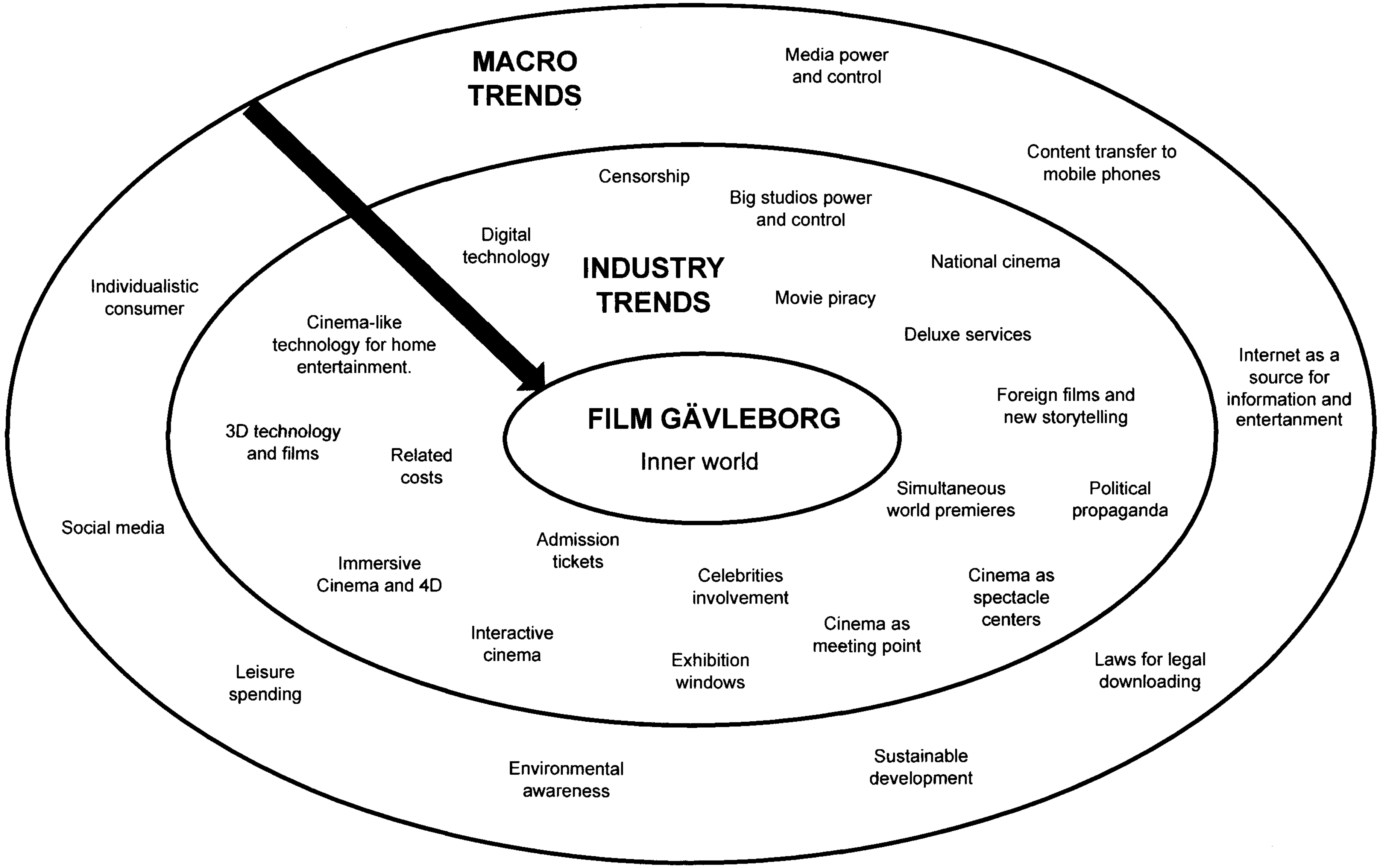

Figure 9: Environment changes identified in the first round of the Delphi.

III.2.4 Integrated table of Identified Trends

Trend Area	Identified Trends
Science and Technology	Cinemas are increasingly migrating from traditional technology to digital technology (T1).
	There is a rise in quality and access of cinema-like technology for home entertainment (T2).
	There is a decrease in 3D technology costs and an increase in quality (T3).
	There is an increase in the production and exhibition of 3D films (T4).
	Immersive Cinema and 4D experiences are increasing (T5).
	Interactive cinema is increasing (T6).
Ecology and Earth	Society is more concerned about the environment and trying to reduce its ecological impact (T7).
	Society is increasingly urging industry to go green (T8).
Media	Social media and web-based peer opinion are increasingly important (T9).
	Media power on portrayal and promotion of films is increasing (T10).
	Celebrities are becoming more involved in the promotion and positioning of films (T11).
	Simultaneous world premieres of films are increasingly popular (T12).
Social Changes and Life-styles	Movie piracy is increasing (T13).
	Deluxe services are becoming more accepted among older audiences (T14).
	Content transfer directly to mobile phones is increasing (T15).
	Consumers increasingly want customized goods and services (T16).
	More and more people rely on the Internet as a primary source for information and entertainment (T17).
	Leisure activities are increasingly privileged by consumer spending (T18).
	There is an increasingly interest for foreign films and new types of storytelling (T19).
	Cinema facilities are increasingly considered meeting points (T20).
Structures and Organizations	Big studios increasingly control production and distribution of films (T21).
Legislation	Restrictive governments are loosening their controls to censor movies (T22).
	There is a tendency of government to toughen laws towards illegal downloading (T23).
Politics	Financed film and support for national cinema are increasing (T24).
	Films are increasingly used to place political messages (T25).
Economy and Market	There is an increase in the price of admission tickets (T26).
	There is a rise in the costs related to cinema-going (T27).
	Cinema facilities are increasingly transformed into spectacle centers (T28).
	There is an increase in the interest of studios on reducing the times between exhibition windows (T29).

III.2.5 Future Possibilities

During the first round of the Delphi, some ideas for future behaviors emerged. These ideas were transformed into events and were named future possibilities. They do not qualify as trends since they cannot be confirmed in the present; however because there are possible futures it was important to keep these ideas under radar. In the second round of the consultation, the experts were asked to think about the probability of these events, to differentiate those events that seem to be more probable than others that are just possible.

- There is a technology available that superimposes our face and voice on the characters in a film; each viewer watches through a monitor and has a totally personal experience.
- There is evidence on the particular benefits of attending different types of film; for example there are films that are proven to reduce stress level.
- There is a technology available that allows us to receive films directly to our brains.
- There is legislation coherent with technological developments; for example there are ratings for films that audiences can experience physically and punishment for deaths in immersive cinema.
- There is a subscription scheme where you can access first-hand celebrity content; for example there is the Angelina Jolie channel where you can be part of her life and network.
- There are new players in film exhibition and distribution, for example, convention centers that have transformed some of their areas into cinemas and even restaurants that exhibit blockbusters during waiting times.

III. 3 Conclusions

The Tracking phase allows an organization to identify changes in the surrounding world. In a dynamic environment, it is more important than ever to track and be aware of changes because these are not only signs of threats, but also of opportunities.

Through the first round of the Delphi it was possible to identify, in a collaborative approach, changes in the way of trends that are impacting or will impact the topic under study. After a validation phase where individual contributions were assessed and changes in the environment confirmed, 29 trends in 8 different trend areas integrate the first synthesis of the exercise that includes trends within the film industry and trends outside this arena.

From the results of this stage, it is evident that Technology Development acts as a driving force behind some of the identified trends. In the next chapter, a further analysis of the results and a description of the challenges that emerged during the consultation are presented.

IV. ANALYZING

As a result of the Tracking phase, a list of trends covering different areas is available. However, these trends have to be analyzed in order to discover how they interact with each other. The second step in the Kairos Future's TAIDA™ process is called Analyzing; in this phase, driving forces behind those changes and possible consequences are identified. It is necessary to do so, in order to identify the uncertainties present and to determine the way scenarios of the future would be generated.

IV. 1 Interrelationship between Trends

Elements interact in a system to form a complex whole; because of it, Kairos Future believes that for a deeper understanding of the future "it is not enough to look at the trends separately. It is when you dig deeper into the system and understand what impact trends have on each other that it becomes possible to paint pictures of the future" (Lindgren and Banhold, 2009).

In order to identify interrelationships among trends a causal-loop diagram was prepared as shown in Figure 10. Through that, it was possible to establish multidirectional sequences to show an impact a trend have on other. In this way it is easier to understand the current system and is possible to identify strategic trends that act as driving trends. By doing so, driving forces which are fundamental influencing factors behind those trends can be located.

Some of the most important driving trends for the Future of the Cinema-going Experience, according to the number of relations to other trends, are:

- Migration to Digital Technology
- Access and quality to cinema-like technology for home entertainment
- Internet as a primary source for information and entertainment
- Big studios control and power on production and distribution of films

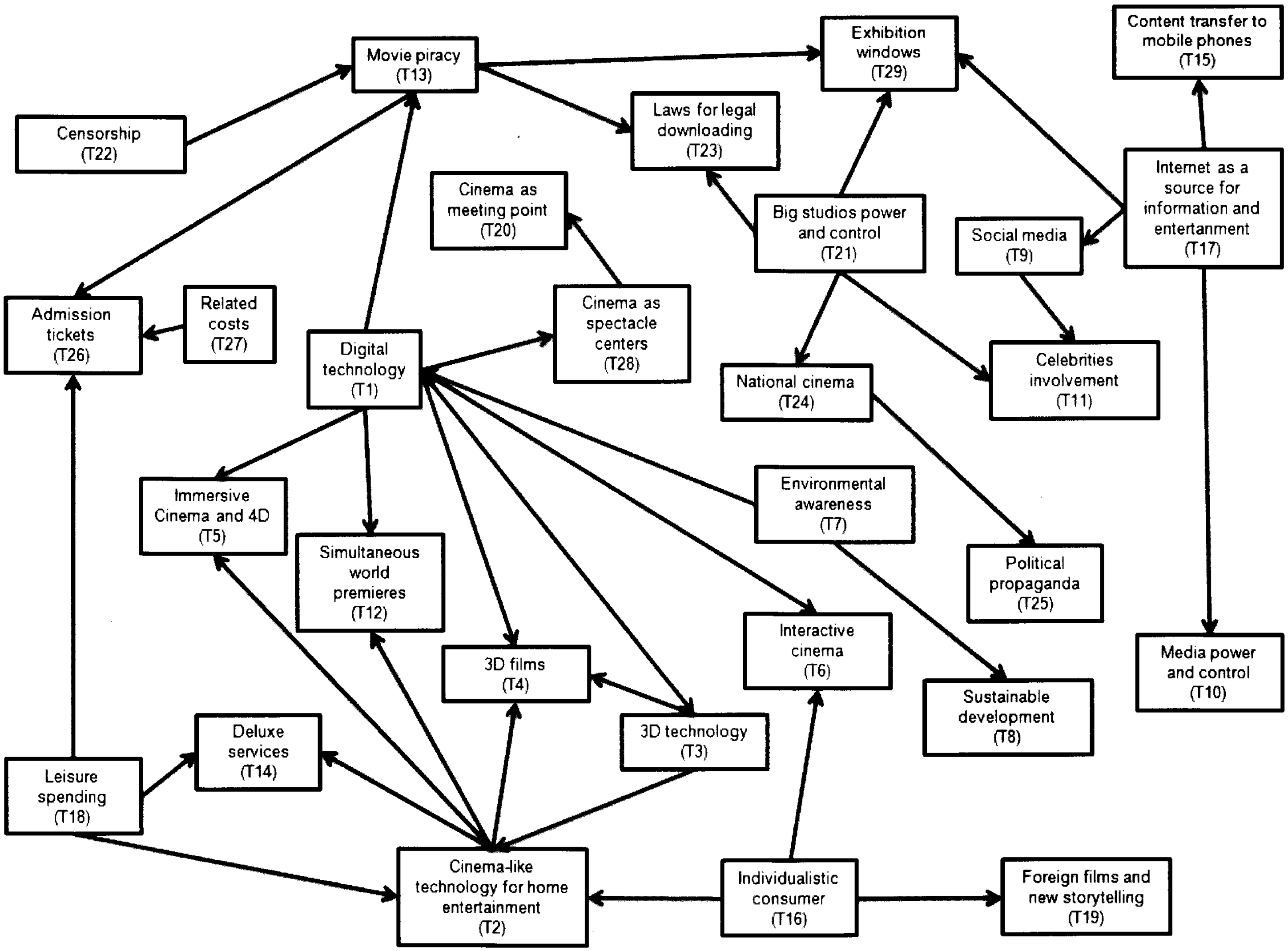

Figure 10: Interrelationship between identified trends.

IV. 2 Delphi Method: Analyzing

As stated in the previous chapter, there are two rounds that integrated the Delphi. The second round corresponds to the Analyzing phase, and its process and findings are described in the following paragraphs.

IV.2.1 Second round description

The second round of the Delphi exercise, aims to prioritize the identified changes in the environment by evaluating them using the following criterion.

First, the experts were asked to evaluate the relevance of each trend to the future of the Cinema-going Experience, by assigning a value between 1 and 5 according to the scale below:

1 = the trend is almost irrelevant

2 = the trend is a little relevant

3 = the trend is relevant

4 = the trend is very relevant

5 = the trend is almost future-defining

Secondly, the group evaluated the probability of each trend to develop into a significant issue in the future, by assigning a value between 1 and 5 according to the scale below:

1 = it is almost improbable

2 = it is a little probable

3 = it is probable

4 = it is very probable

5 = it is almost a fact

At the end, a synthesis of the results obtained was prepared. The second round questionnaire is found in Appendix 7.

IV.2.2 Results obtained

After the second round questionnaire was returned, the integration of the voting was prepared by calculating an average of the values assigned. In the next table the results for the evaluation on "probability of developing into a significant issue" and "relevance to the focal question" are presented.

Trend Area	#	Identified Trends	Probability	Relevance
Science and Technology	1	Cinemas are increasingly migrating from traditional technology to digital technology.	4.8	4.2
	2	There is a rise in quality and access of cinema-like technology for home entertainment.	4.8	4.4
	3	There is a decrease in 3D technology costs and an increase in quality.	4.8	4.4
	4	There is an increase in the production and exhibition of 3D films.	4.6	4.0
	5	Immersive Cinema and 4D experiences are increasing.	4.2	4.0
	6	Interactive cinema is increasing.	3.2	3.8
Ecology and Earth	7	Society is more concerned about the environment and trying to reduce its ecological impact.	3.0	3.0
	8	Society is increasingly urging industry to go green.	2.6	3.2
Media	9	Social media and web-based peer opinion are increasingly important.	4.0	3.8
	10	Media power on portrayal and promotion of films is increasing.	4.0	3.6
	11	Celebrities are becoming more involved in the promotion and positioning of films.	3.6	3.0
	12	Simultaneous world premieres of films are increasingly popular.	3.8	3.0
Social Changes and Life-styles	13	Movie piracy is increasing.	4.6	3.6
	14	Deluxe services are becoming more accepted among older audiences.	3.4	3.4
	15	Content transfer directly to mobile phones is increasing.	4.4	3.8

	16	Consumers increasingly want customized goods and services.	4.0	3.6
	17	More and more people rely on the Internet as a primary source for information and entertainment.	4.4	4.0
	18	Leisure activities are increasingly privileged by consumer' spending.	3.6	3.0
	19	There is an increasingly interest for foreign films and new types of storytelling.	3.0	2.6
	20	Cinema facilities are increasingly considered meeting points.	3.2	2.6
Structures and Organizations	21	Big studios increasingly control production and distribution of films.	3.8	3.4
Legislation	22	Restrictive governments are loosening their controls to censor movies.	3.8	3.4
	23	There is a tendency of government to toughen laws towards illegal downloading.	3.4	3.0
Politics	24	Financed film and support for national cinema are increasing.	3.2	3.2
	25	Films are increasingly used to place political messages.	3.4	3.0
Economy and Market	26	There is an increase in the price of admission tickets.	4.4	3.2
	27	There is a rise in the costs related to cinema-going.	4.0	3.4
	28	Cinema facilities are increasingly transformed into spectacle centers.	3.6	3.4
	29	There is an increase in the interest of studios on reducing the times between exhibition windows.	3.8	3.6

In Figure 11, the trends were mapped based on the values obtained for development probability and relevance. This prioritization exercise makes it possible to identify the highest priority trends, located in the upper right-hand corner of the graph, and are those with a high relevance to the focal question that were also assessed high in the probability of developing into a significant issue, these are relevant and certain trends that have to be constantly monitored. On the other hand, the lowest priority trends are those located in the lower left-hand corner and are those with low relevance to the focal question that have a low probability to develop into a significant issue in the future. These trends are not critical and do not justify further analysis.

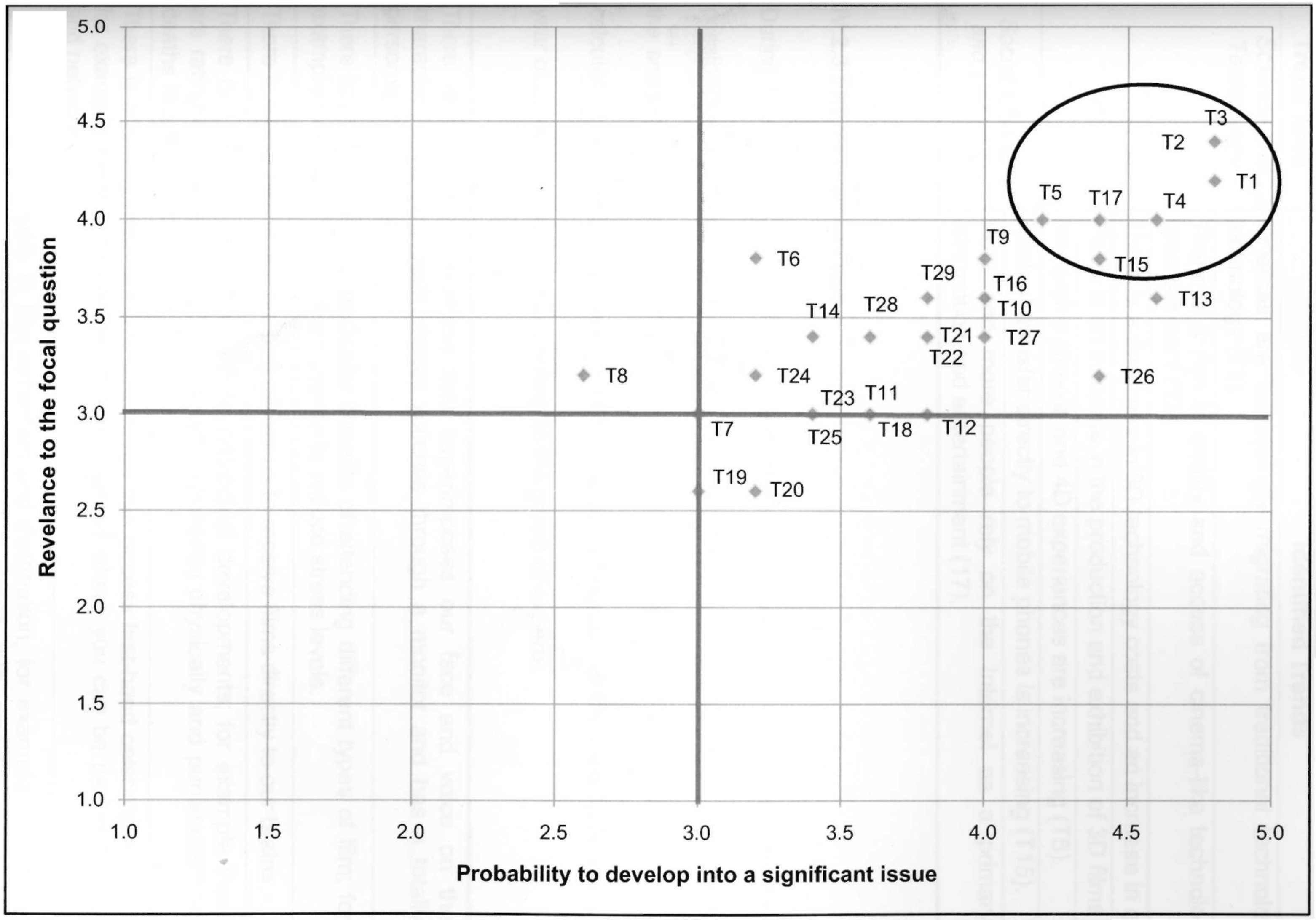

Figure 11: Prioritization of trends based on development probability and relevance.

The highest priority trends for the Future of the Cinema-going Experience are:

Trend Area	Identified Trends
Science and Technology	Cinemas are increasingly migrating from traditional technology to digital technology (T1).
	There is a rise in quality and access of cinema-like technology for home entertainment (T2).
	There is a decrease in 3D technology costs and an increase in quality (T3).
	There is an increase in the production and exhibition of 3D films (T4).
	Immersive cinema and 4D experiences are increasing (T5).
Social Changes and Life-styles	Content transfer directly to mobile phones is increasing (T15).
	More and more people rely on the Internet as a primary source for information and entertainment (17).

IV.2.3 Future Possibilities

During the second round of the Delphi, the experts were asked to evaluate the list of future possibilities and to assign a year in which they believe each idea would become a reality. After the second round questionnaire was returned, the integration of the voting was prepared by calculating an arithmetic average of the values assigned. In the next table each event has a year of possible realization according to the group of experts.

There is technology available that superimposes our face and voice on the characters in a film; each viewer watches through a monitor and has a totally personal experience.	2014
There is evidence of the particular benefits of attending different types of film; for example there are films that are proven to reduce stress levels.	2012
There is technology available that allows us to receive films directly to our brains.	2025
There is legislation coherent with technological developments; for example there are ratings for films that audiences can experience physically and punishment for deaths in immersive cinema.	2019
There is a subscription scheme where you can access first-hand celebrity content; for example there is the Angelina Jolie channel where you can be part of her life and network.	2013
There are new players in film exhibition and distribution, for example convention centers that have transformed some of their areas into cinemas and even restaurants that exhibit blockbusters during waiting times.	2012

IV. 3 Lessons learned from Delphi Method

The Delphi Method is a practical technique for structuring a group communication process and obtaining expert insights in a time and cost efficient way. However, there are elements involved in its implementation that are necessary to consider for assuring its success and were part of the lessons learned during the application of this technique for this project:

- Quality and clarity of the questionnaires: It is critical to create a questionnaire that has clear instructions and a defined objective. If possible, it is desirable to run a test of the questionnaire with someone outside the respondent and monitor groups. For this exercise, each questionnaire was reviewed by two persons outside the investigation. After getting their comments some modifications were necessary in order to assure clarity in the document.
- Language barriers: When the participation from experts in different parts of the world is desired, it may be necessary to use different languages in the consultation, in order to count with the participation of experts even when they do not manage a common language. Translations will take time and can lead to misunderstandings if doubts are not solved. This exercise counted with the participation of experts from Mexico, so, it was necessary to create Spanish and English documents and to validate the questionnaires in both languages.
- Time demand: During the development of a consult, time has to be spent on designing the questionnaire, answering questions from participants, keeping a communication dialog with experts in order to fulfill deadlines, managing logistics, among other activities that are not necessarily evident when the method is chosen. During the first round of this exercise, the deadline had to be extended, since the respondents demanded more time for the generation process. In the second round, this time was recovered and the Delphi was finished on schedule.

- Incentives for participants: Delphi does not only demand time from the monitor group, but it is also time-demanding for participants. It is necessary to find a correct way to provide incentive for their participation and to compensate their effort. For the development of this consultation the project's budget was tight, so expert's participation was motivated by the share of a summary of the findings.
- Information sharing: It is important for the respondent group to be aware of the process of the consultation and time schedule. Experts are eager to access information as fast as it is obtained; however if too much information is shared, experts may abandon the consultation. It is important to assure security among the participants but also to provoke their curiosity on what the final results could be. During the consult a constant dialogue was conducted with experts by telephone and e-mails, in this way, a personal relationship was constructed and answers were obtained faster, questions were answered and doubts resolved.

IV. 4 Future Scenarios

The future is multiple since there are several possible futures. "A scenario is the description of a future situation together with the progression of events leading from the base situation to the future situation" (Godet, 1987). Through scenarios it is possible to handle uncertainties, because the deep understanding of each potential turnout leads to learning about possible futures and preparing for them. These future alternatives are developed based on the combination of assumptions, facts and trends. There are several ways to construct future scenarios. Kairos Future believes that by summarizing the "certain picture" and by identifying two driving uncertainties, it is possible to construct a scenario cross that will allow an organization to prepare four future scenarios that will help them prepare for an uncertain future.

In this case, as observed in Figure 11, the result of the evaluation of the trends indicates that the identified trends are really certain, since their development probability's evaluations are high. The two selected uncertainties, for the following construction of scenarios, were derivate not from the listed trends but from the discussions that this list originated.

The first uncertainty is related to the customer willingness to pay for an enhance service. Even when trends assure technology developments for an enhanced experience offer, whether the customer will be willing or not to pay for it, is still uncertain. The second uncertainty is related to the windows of exhibition, because whether cinemas will remain or not as the first and unique exhibitor of films, is still uncertain.

Each uncertainty will have two different development options. It is the combination of these four options that leads to four very different future scenarios. For the Future of Cinema-going Experience the two identified driving uncertainties are:

Uncertainty A: Will customer be willing to pay more for enhanced services at cinemas?

Development Option 1	**Development Option 2**
Customer is willing to pay for an enhanced service.	Customer is not willing to pay more.

Uncertainty B: Will cinemas remain as the first exhibition platform for film releases?

Development Option 1	**Development Option 2**
Films are released first in cinemas for their exhibition.	Films are released simultaneously in cinemas and in other exhibition platforms.

In Figure 12, four scenarios in two axes that emerged from the chosen uncertainties and their development options are presented.

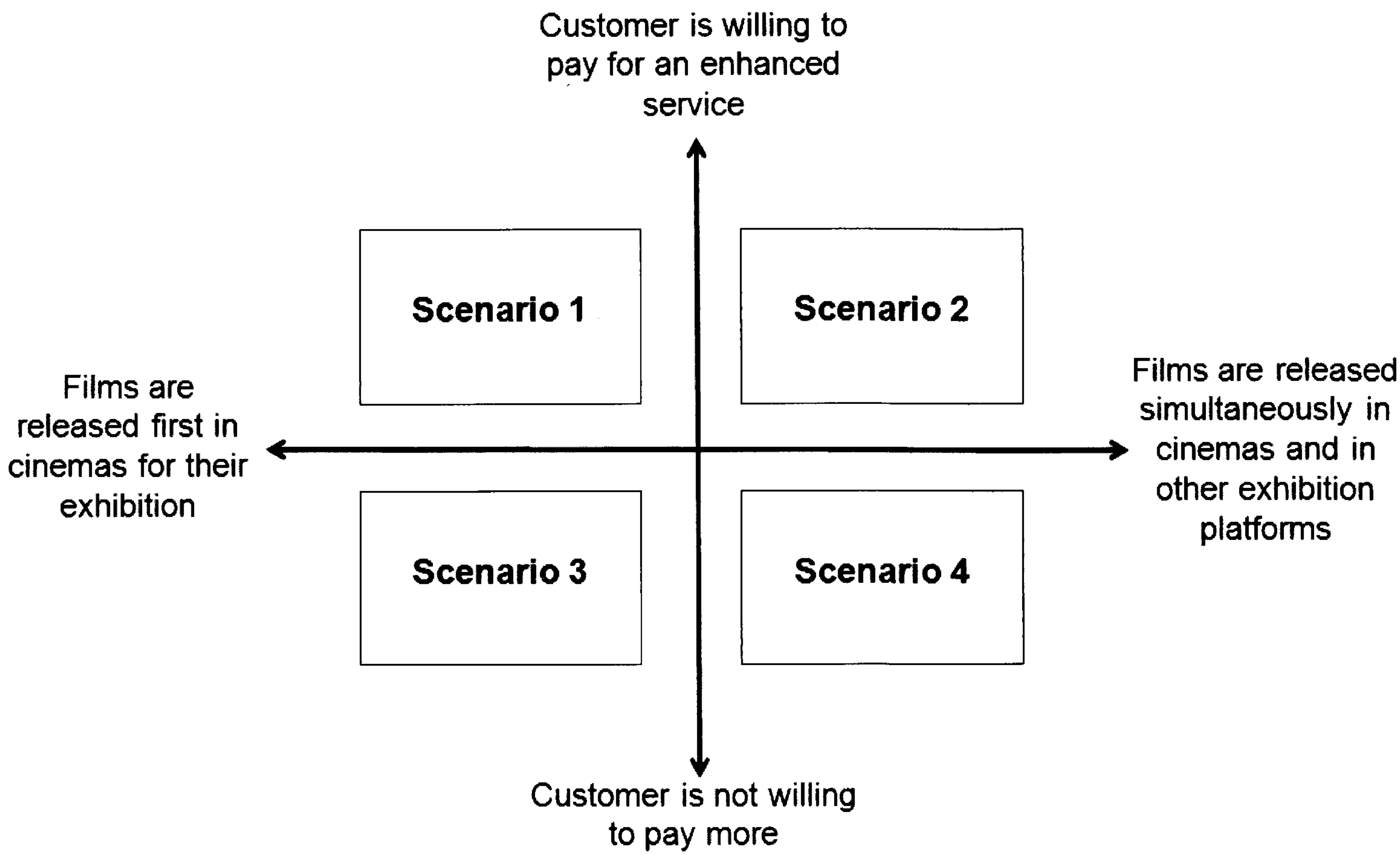

Figure 12: Future Scenarios for the Future of Cinema-going Experience

Turning the outlines of future scenarios to descriptive images of the future requires the evaluation of possible developments for each variable identified previously as strategic. Prior to the construction of the scenario's narrative, it is useful to brainstorm possibilities for each scenario development. For this exercise a comparison table between scenarios was filled and, it is presented in Appendix 8.

After the generation of ideas, a well-crafted story is constructed. In this step, it is necessary to organize ideas for the future and describe a vivid and structured possible path to it. Storytelling demands creativity and structure since the story requires a beginning, middle, and end. It is recommended that scenarios' narrative is prepared by an individual rather than by a group of people to avoid incoherence.

Scenarios have become a well-liked way to organize thoughts about the future, and they should "stimulate strategic thinking in the decision makers and communicate to anyone that reads them the critical strategic issues facing the organization" (Ralston and Wilson 2006). The stories should also be interesting, and titles play an important role and they have to be "catchy", short and memorable. For each possible future of Cinema-going Experience a classic movie title was selected based on its relation to the narrative description.

Another important characteristic for the successful construction of scenarios is that they should be written in present tense, as if the future has been consolidated and the reader is being informed of what reality is and how the process was to reach the present situation. In the next section, the narrative for each of the possible futures related to cinema-going, are presented.

IV.4.1 Scenario 1: Singin' in the Rain *(a.k.a. High-tech Cinema)*

Cinemas today are much more alive than they were 10 years ago. Digital technology has allowed cinemas to offer an enhanced experience since the production and projection of 3D and 4D films is less expensive, has a higher quality and to most viewers that have grown with 3D animated films, is considered a "must" for the projection of every kind of genre movie.

Facilities have the latest technology available to assure full sensory immersion; moving chairs, surround sound, video goggles as a screen in front of viewers' eyes, temperature changes, and even water splashes during aquatic movies or flow of wind during scenes in the desert. As one grandfather told his grandson "The evolution in cinema-experience is incredible! You do not probably realize it, but cinema has definitely come alive in these years!"

This technology offer has demanded a considerable inversion from exhibitors, but it was part of the renegotiated contracts' new clauses. Some years ago, long-term window contracts between studios and distributors expired and were renegotiated. There was a strong movement that promoted the collapse of windows of exhibition to fight movie piracy. At the end, exhibitors and studios decided to focus on enhancing the cinema experience by making it immersive and increasing their operation efficiency, rather than fighting movie piracy after years of unsuccessful attempts to control it.

Studios, however, have not forgotten the subject. There is a direct effect on revenues and movie piracy has grown over the years as Internet has become the main distribution model, but they are mostly urging governments to devote resources for this fight. One interesting situation has been the relationship between social media and movie piracy, since it is easy to access a movie before its release, consult web-based peer opinions, and promote or kill a movie before premiering. Studios are monitoring social media tools constantly and try to reverse negative campaigns by effective marketing and advertising strategies.

As a result of the technology offered and exclusive access to films, tickets are more expensive than they were, and costs related to cinema-going have also increased. In cinemas, it is possible to get deluxe food, and the variety of products for sale is bigger. Since the experience has also become a more expensive experience, cinemas target older audiences and higher-income classes. Having older audiences have become handy for theaters because of the careful handling that equipment and infrastructure requires.

On the other hand, there is the well-known war against the home video. People have technology that can simulate cinema-experience at home. But new films have to be seen in the cinemas, and content is changed rapidly to take advantage of the theatrical window; second releases are extinct because movies are downloadable shortly after their release in different formats such as for mobile phones.

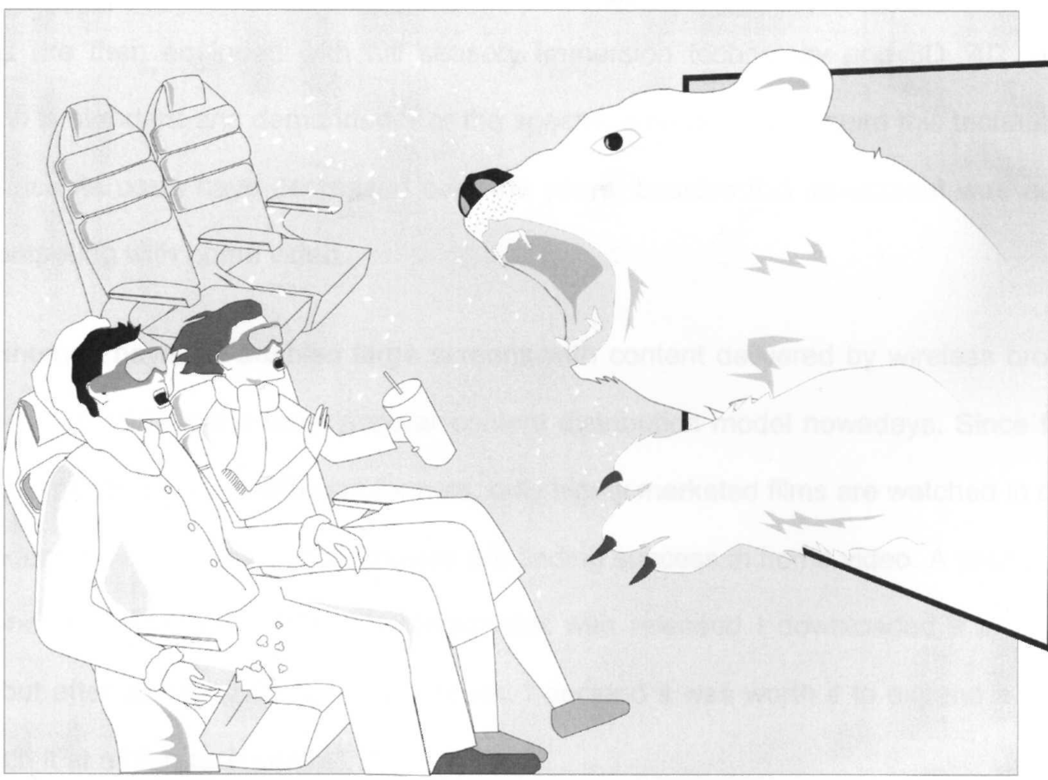

Figure 13: Scenario 1 - Singin' in the Rain

IV.4.2 Scenario 2: Breakfast at Tiffany's *(a.k.a. High-tech Spectacle centers)*

Movie piracy was at such a high level in previous years that when distributors and studios contracts expired and were renegotiated, big studios decided that by collapsing windows of exhibition, piracy would become less of a threat for the industry. Since that day, films are released simultaneously across all formats and in all countries. Exhibitors were forced to redirect their business and looked for new alliances with other content-generators.

Cinemas transformed into spectacle centers where different kind of content is available. This has been possible thanks to digital technology, which has made exhibition more efficient and opened new opportunities for the projection of games, concerts and even TV-shows. Films are now just part of the projection menu, and theaters are niche to cater to specific audiences through the offer of a variety of different concepts with the latest technology available.

Facilities are then equipped with full sensory immersion technology and 3D, 4D and IMAX projection is standard and demanded. For the spectacle centers, to acquire this technology was easier since its costs have decreased over the years; besides this investment was necessary when competing with home video.

Home cinemas have 3D-enabled large screens with content delivered by wireless broadband. Internet-based VOD is the most popular content distribution model nowadays. Since films are released simultaneously in different formats, only highly marketed films are watched in cinemas. Independent movies or low budget movies are finding success in home video. A young boy was telling one of his friends "when this blockbuster was released I downloaded it in my mobile phone, but after watching the 20 first minutes, I decided it was worth it to expend a few bucks and watch it at a high-tech center".

The marketing of films has become extremely effective and big studios devote big budgets to this purpose. Without the theatrical window that worked as a key driver for home video, efforts are focused on the correct promotion of films. Social media is an important tool to garner publicity and companies take advantage of it. Viewers are used to obtaining what they want, when and where they want it, since films are available once the public hears about them and content often changes very fast.

Spectacle centers are not a cheap option for going out, since they offer the greatest technology available and a wide variety of content. So the enhanced and varied experience is a more expensive experience as well. Attending a spectacle center has become a status statement, and it attracts mostly older audiences from higher-income classes; however its multi-target offer is popular among other groups. Rooms are smaller than they were in the time of multiplexes and in this way offer to meet consumer demands of different demographics. When talking about content centers, they are so concentrated in obtaining the latest content that it is possible to watch the Oscars, season finales from popular TV series, or an E-Hollywood history release of a popular actor in a highly technological environment with every amenity.

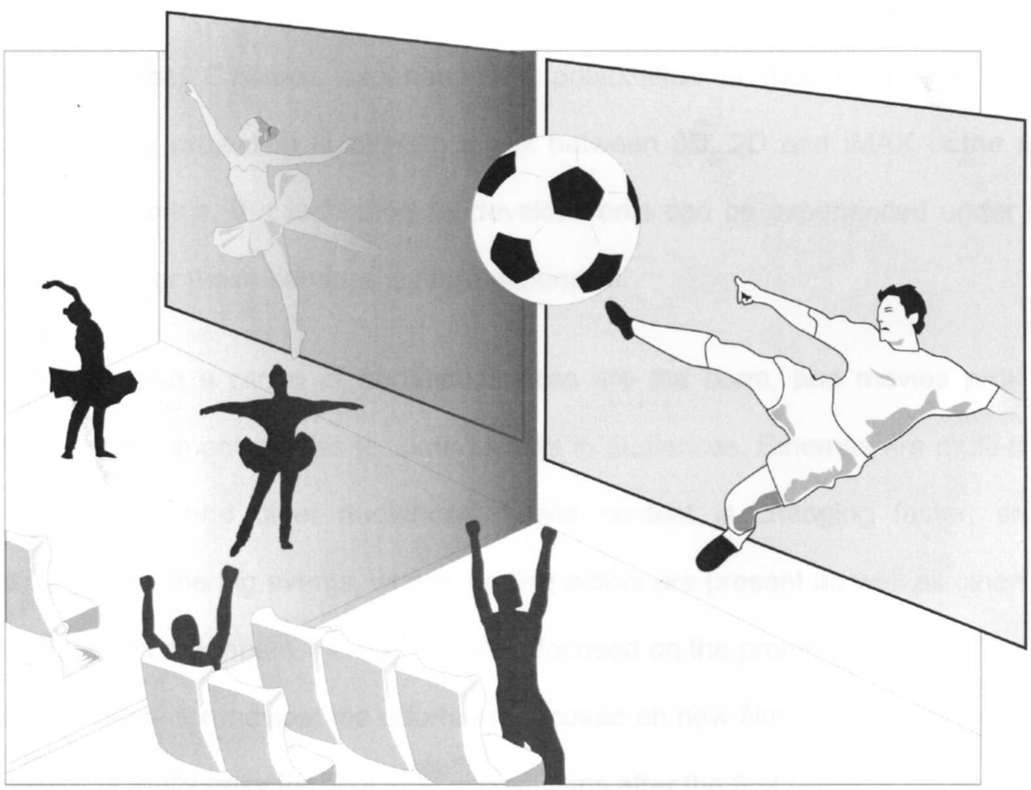

Figure 14: Scenario 2 – Breakfast at Tiffany's

IV.4.3 Scenario 3: From here to eternity *(a.k.a. Public-relations Cinemas)*

Big studios recognized that theatrical performance was a key driver for home video that is where the majority of their earnings come from. After renegotiating their contract with distributors, they decided to keep the window as a norm and devoted efforts to gain enough publicity during that time to assure high sales on other platforms like DVD, Blue-Ray and VOD.

However, movie piracy has been a constant topic of discussion, and it has a direct relationship with revenues and sales. Studios were, years ago, very eager to fight this threat, and they tried different things to do so. However, after years of unsuccessful attempts, they realized that piracy would always be there and that even if they become smarter, pirates would become smarter as well.

Digital technology has allowed cinemas to offer an enhanced experience, and technology keeps developing options to assure a fully immersive experience, but even when the costs related have decreased, this is only offered under demand because audiences are not willing to pay more for the service. Cinemas experienced a polarization of their offer. For the general audience, traditional projection is offered; a mix between 3D, 2D and IMAX is the rule for a pretty stable ticket price. But technological developments can be experienced under demand, and the ticket price for these services is more expensive.

Multiplex formats with a range of auditorium sizes are the norm, and movies projected are classified as entertainment movies for broad tastes in audiences. Cinemas are multi-target and can satisfy younger and older audiences. Movie content is changing faster, and movie premieres have become big events, where leading actors are present as well as cinema critics, and 3D is offered as a bonus. Cinemas are often focused on the promotion of films and act as a Public Relation entity for movies; the efforts are focused on new films, and second releases are over because it is really easy for people to access films after the first release.

Marketing has a critical role in this business, and studios spend large budgets on generating attention to new releases and raising expectations among viewers. However, movie piracy allows people to obtain content before it is released, and social media is powerful and can kill a movie if the comments around it are negative.

Cinema owners' efforts have been focusing on the quality of the service offered and other mechanisms that do not required more investment, but are rather concentrated on efficiency. Some changes have reduced costs and made it possible to offer technology charging the same for an entrance fee. As one customer told the vendor --"I have the latest technology at home; however I love to come to the premiere events and be treated as a famous actor".

Home cinemas are fully equipped nowadays; for some people it is just not necessary to leave the house when you can watch the films shortly after their release in VOD. But new films have to be seen in the cinemas, so viewers either go to the cinema, wait, or access the movie illegally. Obtaining movies through illegal platforms is common and easy since the Internet is the principal content distribution model.

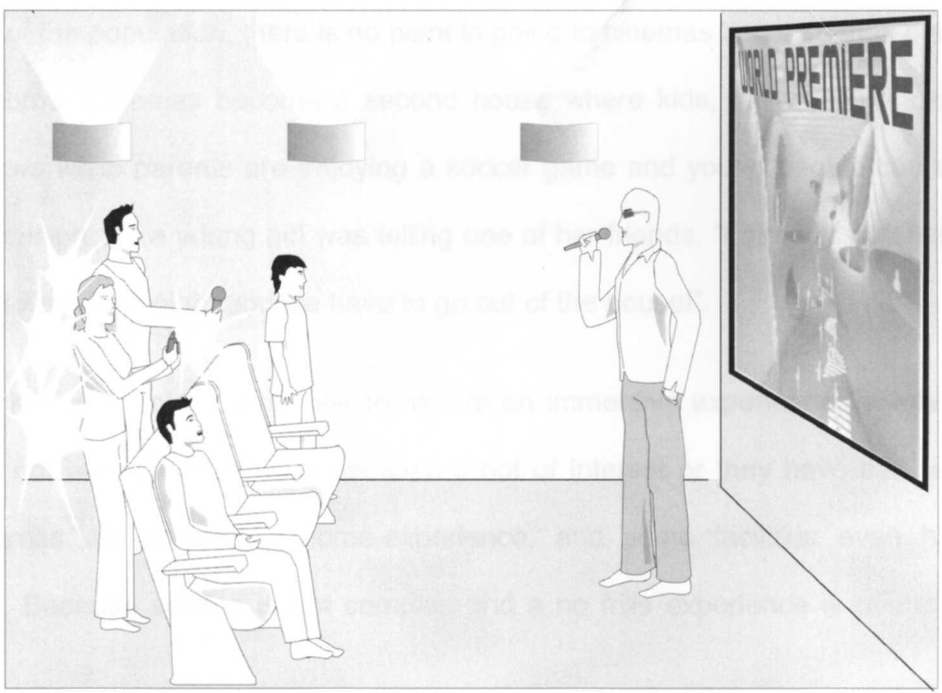

Figure 15: Scenario 3 – From here to eternity

IV.4.4 Scenario 4: Gone with the wind *(a.k.a. Home-experience Cinemas)*

Some years ago, studios decided to experiment trying simultaneous releases of their films in different platforms. This strategy is far from perfect, but even with its flaws, it was a strong and direct action to fight movie piracy. Over those years of change, home video revenues kept growing, so studios decided to collapse the traditional windows of exhibition definitively.

Exhibitors were not able to convince the "powerful six" (a common name in the business to refer to the big studios) to change their minds. This decision came at a difficult time when home video equipment and technology had become accessible to the majority of the population, and 3D technology or large screen projection, had become part of the characteristics. Without the theatrical exhibition advantage, cinemas had to look for new content to expand their offer and keep attracting audiences. So, taking advantage of digital technology, it became common for cinemas to offer the projection of games, concerts, films and even TV-shows.

Internet is the principal content distribution model, and finding new content just requires downloading it to your TV. Since the content offer is the same at home and in the theaters, for the majority of the population, there is no point in going to cinemas because they prefer to watch movies at home. Cinemas become a second house where kids, for example, can watch TV matinee shows while parents are enjoying a soccer game and young people can escape from parent supervision. As a young girl was telling one of her friends, "I already watched this movie at home, but it's Friday night and we have to go out of the house!".

Technology keeps developing options to assure an immersive experience; however a regular customer is not willing to pay for it because it not of interest or they have that technology at home. Cinemas are offering a home-experience, and some facilities even have a retro atmosphere. Because service is not complex and a no frills experience is offered, admission ticket prices have decreased, making cinemas appealing mostly for younger audiences and a low-income class.

Film marketing has become effective, and studios often used the slogan “movies that you want, where and when you want them”. Viewers are used to being able to access films once they hear about them. Because of public demand, content offer changes very quickly in cinemas. And this allows them to cater to specific audiences by offering a wide variety of content. Rooms are smaller than they were, so they have multi-target.

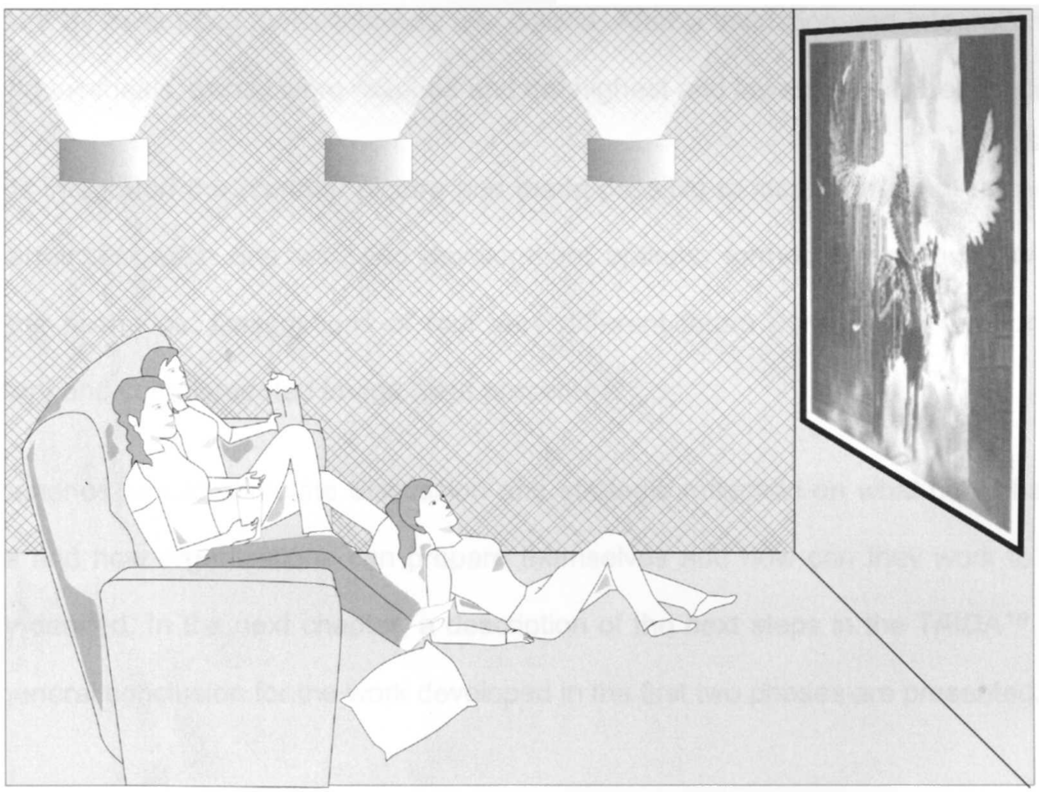

Figure 16: Scenario 4 – Gone with the wind

IV. 5 Conclusions

The Analyzing phase, allows an organization to discover the interrelationship between changes in the surrounding world in order to identify driving forces behind them and possible consequences. In a complex environment it is not enough to identify what is happening, but it is also necessary to understand the change and identify the uncertainties to determine future possible scenarios.

Through the second round of the Delphi it was possible to prioritize the identified changes in the environment by evaluating them following two criteria. After a validation and integration phase, in a second synthesis, trends were mapped and the highest and lowest priority trends identified.

The trends integrated the "certain" picture and made possible to identify relevant uncertainties. Two uncertainties, each one with two development options, formed the scenario cross that outlined the scenarios. Descriptions of four very different future possibilities, through a well-crafted story and complemented image were presented.

These scenario's aim to stimulate discussion and strategic reflection on what could happen in the future and how organizations can prepare themselves and how can they work to achieve what they desired. In the next chapter, a description of the next steps in the TAIDA™ process and the general conclusion for the work developed in the first two phases are presented.

V. CONCLUSIONS AND NEXT STEPS

V. 1 Conclusions

During the development of this project, the emphasis was not on predicting what *will* happen in the future, but on reducing uncertainty, by thinking and structuring what *could* happen. This future-oriented planning process aimed to contribute to the decision making of Film Gävleborg, by providing results that could be translated into useful strategic information.

The general objective of this project was to contribute to the organization's effort to increase the visitor rates in local cinemas. In order to do so, Film Gävleborg asked Kairos Future for the development and implementation of a survey to understand the cinema-behaviors of citizens in Gävleborg. Through the results on this survey, a detailed diagnosis of the current situation in the region was constructed. However, since the environment is dynamic, a parallel effort was started to provide the organization with information that allow them to anticipate changes in the arena in which they are immersed, and to understand how they could adapt in order to attract the future visitor, that could differ from the one analyzed in the survey.

Kairos Future's TAIDA™ was the framework used for thinking about the future since it is a clear methodology to transform future-oriented research into implemented actions in the present. This project focused on the complete development of the first two stages in the methodology, Tracking and Analyzing. Prior to TAIDA™ implementation, it was necessary to define a focus and objective for the initiative and to have a clear image of the past and the present.

The first chapter presented an introductory phase where a global diagnosis was integrated. In it, four main indicators in measuring the success of cinema, that were identified through a media scanning, were analyzed; admissions sales, number of screens, global box office and frequency of visits per capita. From the results, it is evident that film industry faces a time of changes.

Admissions sales tend to decrease, as well as the average ticket price in some markets. The number of screens keeps rising, as well as the required investment in technology for exhibition. The global box office revenues are fluctuating, and the movie piracy is a consolidated threat affecting movie's budgets. On the other hand, frequency of visits per capita fluctuates, and cinemas are offering different types of cinema in order to cater different types of audience. In general, although there is an increasing general interest in cinema and new technology developments that represent new opportunities for players in the arena, there are also potential threats that could jeopardize the future of the current business.

It is critically important to understand the global picture in order to focus on Film Gävleborg's objective. To understand the current situation and behavior of leading markets (ex. United States), emerging markets (ex. Japan), and the own market (Sweden), provides the team with information and clues on changes and possibilities, assuring a holistic analysis.

In the second chapter, the Tracking phase was presented, and the findings allowed the organization to identify relevant changes in the surrounding world. In a dynamic environment, it is more important than ever to track and be aware of changes because these are not only signs of threats, but also of opportunities. The identification of changes in the way of trends, that are impacting or will impact the topic under study, was possible through the first round of a Delphi. Seven experts participated and 29 trends in 8 different trend areas were identified; some trends are within the film industry arena while others are trends at a macro level.

From the results of this stage, it was possible to identify that the technology developments act as driving forces behind some of the identified trends. For instance, the migration to digital technology has an impact on other trends listed, like the production of 3D films. Also, by allowing the Tracking to include areas like Media or Legislation, some changes that could become relevant to the industry are taken in consideration in the investigation. With the trends already identified, it was possible to proceed to a further analysis of the results.

The third chapter presented the Analyzing phase, where the interrelationship between changes in the surrounding world was presented and driving force identified. Based on the number of relations with other trends, it was possible to identify that; the migration to digital technology, cinema-like technology for home entertainment, internet as a source of information and entertainment, and big studios control and power, are some of the main issues that have to be monitor. Through a second round of the Delphi it was possible to prioritize the identified trends by evaluating them following two criteria, development probability and relevance. In a second synthesis, trends were mapped and the highest and lowest priority trends were identified.

After mapping the trends, it was evident that the changes identified integrated the "certain" picture, since the evaluation on the development probability criteria have high values. The listed trends fomented an interesting discussion where two uncertainties emerged, one related to the customer willingness to pay for enhanced services and the other one related to the windows of exhibition model. Each uncertainty has two development options and formed the scenario cross that outlined the future scenarios. Descriptions of four very different future possibilities, through a well-crafted story and complemented images were presented. These scenarios were "Singin' in the Rain", "Breakfast at Tiffany's", "From here to eternity" and "Gone with the wind".

The construction of future scenarios aims to stimulate discussion and strategic reflection on what could happen in the future, how the organization can prepare and how can they work to achieve what they desired. Future-oriented research does not work if it is not translated to strategic work. Changes have to be translated into possible consequences or opportunities for the organization, in this way, strategies can be defined. However, the work is not done with the strategic definition since the implementation of it, is still required.

V. 2 Next Steps for Subsequent Efforts

This project focused on the development of the first two phases of the Kairos Future's TAIDA™. During the Tracking and the Analyzing stages, trends were identified and analyzed and led to the construction of future scenarios; however, a successful effort must include the complete set of steps in the methodology. In the next paragraphs a brief description of the three following stages, their objective, importance and some challenges for its development are presented.

V.2.1 Imagining

After identifying changes in the environment and analyzing them in order to construct possible scenarios of the future, it is time to start thinking about what is desired for the future. The third step in the Kairos Future's TAIDA™ process is called Imagining; in this phase the work is focused on the creation of a vision based on the organization's values that incorporates the future awareness obtained in previous stages. The vision is a realistic but challenging dream, a focused target that inspires and gives guidance.

Since the vision, is a powerful element for the organization and requires commitment from members, its definition should emerged from a participative and inclusive process. In this way, different approaches will be taken in consideration, different functions will be represented, and the result would give identity to the organization. However, when working with a vision statement its definition is not the biggest challenge, since the real issue is what happens after it is defined. The dare is to translate this statement into clear goals that can be measure and fulfill. The real challenge is to work to make the dream become a reality, instead of keeping it as a nice decoration in a wall.

V.2.2 Deciding

After defining what is desired and communicating it through a vision statement, it is necessary to identify strategies to prepare against threats and to achieve the vision and its goals. The fourth step in the Kairos Future's TAIDA™ process is called Deciding; in this phase the work is focused on the generation and evaluation of strategies. These strategies must support the vision in order to give meaning to the vision statement.

The strategic stage is crucial, since the discussion moves from "what should we do?" to "how should we do it?" Common mistakes involve the use of old strategies for new goals, or the use of strategies that are not related with the vision or with the goals. During the strategy definition, organization should find inspiration in the trend and scenario analyses conducted in previous stages since the process should be fully linked.

After the definition of the strategies, it is important to prioritize them, since the resources are limited and the efforts are expensive and time-consuming. The challenge is to privilege profitable strategies, strategies that are related to the vision, take in consideration the surrounding world and use strengths and competencies. However, the real challenge is to continue the process and to transform these strategies into actions.

V.2.3 Acting

Once the strategies have been generated and evaluated, it is time to put them into action. The last step in the Kairos Future's TAIDA™ process is called Acting; in this phase the work is focused on the implementation of the selected strategies and the follow-up of the scenario planning work.

The implementation is regularly the bottle-neck of the planning process, since organizations are commonly driven by operational needs and today's requirements. Some interesting and popular methodologies for a successful implementation include for instance, the Balanced Scorecard or the Hoshin-Kanri. But the real issue with implementation is that the organization needs to realize that "will", commitment and continuous work are crucial elements. Since the planning process is continuous, the follow-up is important. In this way, it is possible to identify where the environment is heading, through early warnings systems and continuous tracking. The real challenge is to transform plans into concrete actions and indicators that can be measure on a regularly basis, just in this way movement towards what is desired can be assured.

VI. FINAL CONCLUSIONS ON THE INTERNSHIP EXPERIENCE

During the internship program at Kairos Future, I was able to mature and put into practice the knowledge acquired during the master's studies. The experience was positive and satisfactory, since it was not only an opportunity to be part of a leading, future-oriented organization, but it also represented the opportunity to be immersed in a new culture by living in an interesting and developed country like Sweden.

This project was the motivator of multiple discussions on future and long-term oriented planning efforts. At the professional level, the lessons learned during the stay can be summarized in the following points:

- Be creative and justify your creativity. Future study is not a science; so, creative methods and processes are always welcomed. However, it is important to justify all your decisions and to find strong arguments to support them.
- Be practical and ask yourself what this means. Simple methods can offer great possibilities if the focus is on organizations. It is important to think about the consequences of the findings and to conclude rather than get caught in the process with details that are not relevant.
- Be social and maximize your agenda. When at work, work! Be efficient with your time and transform needed activities like meals, breaks and transportation into social activities for dialog; get organized and time will last.
- Be comfortable and feel at home. The office is not supposed to be rigid, cozy environments will make yourself feel comfortable, and when you are relaxed creativity flows.

- Be proud and share your knowledge. Everyone has something to share, be proud of your knowledge and share it with others, but also listen. Organizations with flat hierarchy foment and treasure knowledge sharing.
- Be curious and ask frequently. In a changing world, curiosity is a quality that can keep you updated. Take advantage of your time, and ask your co-workers about their projects and their new findings.

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Pulido, Lorena. The Future of Cinema-going Experience: The Film Industry is Not Dead, but is Cinema-going?. Monterrey, Mexico: EGAP Campus Monterrey, 2009.

APPENDIX 1: Admissions Sales

Own elaboration based on information from the Media Salles' Cinema Yearbook 2008.

Admissions (X 1 000 000)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
United States	1211.0	1319.0	1354.0	1438.0	1440.0	1383.0	1438.0	1599.0	1521.0	1484.0	1376.0	1395.0	1400.0
Western Europe	664.1	711.1	761.6	815.9	803.3	835.4	923.9	926.4	879.0	923.1	832.6	856.0	836.6
Japan	127.0	119.6	140.7	153.1	144.8	135.4	163.3	160.8	162.3	170.1	160.5	164.6	163.2
Mexico	62.0	80.0	95.0	104.0	120.0	130.0	139.0	152.4	137.0	162.8	161.9	164.9	
Sweden	14.9	15.4	15.2	15.8	16.0	17.0	18.1	18.3	18.2	18.0	14.6	15.3	14.9

Variation in Admissions (in percentage)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
United States	N/A	8.92	2.65	6.20	0.14	-3.96	3.98	11.20	-4.88	-2.43	-7.28	1.38	0.36
Western Europe	N/A	7.08	7.10	7.13	-1.54	4.00	10.59	0.27	-5.12	5.02	-9.80	2.81	-2.27
Japan	N/A	-5.83	17.64	8.81	-5.42	-6.49	20.61	-1.53	0.93	4.81	-5.64	2.55	-0.85
Mexico	N/A	29.03	18.75	9.47	15.38	8.33	6.92	9.64	-10.10	18.83	-0.55	1.85	N/A
Sweden	N/A	3.57	-1.23	4.00	1.03	6.23	6.61	1.08	-0.68	-0.95	-18.84	4.81	-2.44

APPENDIX 2: Number of Screens

Own elaboration based on information from the Media Salles' Cinema Yearbook 2008.

Screens

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
United States	27,805	29,690	31,640	34,186	37,185	37,396	36,764	35,280	35,786	36,594	38,852	39,668	40,077
Western Europe	18,877	19,683	20,707	21,852	23,218	24,107	24,945	25,757	26,329	26,604	26,839	26,813	26,753
Japan	1,776	1,828	1,884	1,993	2,230	2,524	2,585	2,635	2,681	2,825	2,826	3,062	3,221
Mexico	1,495	1,639	1,842	2,105	2,320	2,676	2,740	2,823	3,064	3,276	3,653	3,801	N/A
Sweden	1,168	1,165	1,164	1,167	1,123	1,129	1,174	1,176	1,170	1,179	1,174	1,171	1,049

Variation in Screens (in percentage)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
United States	N/A	6.78	6.57	8.05	8.77	0.57	-1.69	-4.04	1.43	2.26	6.17	2.10	1.03
Western Europe	N/A	4.27	5.20	5.53	6.25	3.83	3.48	3.26	2.22	1.04	0.88	-0.10	-0.22
Japan	N/A	2.93	3.06	5.79	11.89	13.18	2.42	1.93	1.75	5.37	0.04	8.35	5.19
Mexico	N/A	9.63	12.39	14.28	10.21	15.34	2.39	3.03	8.54	6.92	11.51	4.05	N/A
Sweden	N/A	-0.26	-0.09	0.26	-3.77	0.53	3.99	0.17	-0.51	0.77	-0.42	-0.26	-10.42

APPENDIX 3: Gross Box Office

Own elaboration based on information from the Media Salles' Cinema Yearbook 2008.

Gross Box Office (ECU X 1 000 000, EURO)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
United States	4,009.0	4,642.0	5,629.0	5,794.0	7,281.0	8,026.0	9,219.0	8,841.0	7,257.0	6,765.0	7,487.0	6,938.0	6,541.0
Western Europe	3,078.0	3,439.0	3,848.0	4,250.0	4,353.0	4,635.0	5,232.0	5,486.0	5,170.0	5,553.0	5,106.0	5,383.0	5,278.0
Japan	1,164.0	1,021.0	1,233.0	1,457.0	1,780.0	1,598.0	1,735.0	1,582.0	1,505.0	1,510.0	1,427.0	1,293.0	1,203.0
Mexico	N/A	N/A	N/A	N/A	320.9	413.5	495.9	450.3	328.9	359.0	451.0	443.7	N/A
Sweden	104.3	110.4	108.1	111.9	123.1	131.8	135.5	147.3	150.8	141.2	119.5	132.9	125.1

Variation in Gross Box Office (in percentage)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
United States	N/A	15.79	21.26	2.93	25.66	10.23	14.86	-4.10	-17.92	-6.78	10.67	-7.33	-5.72
Western Europe	N/A	11.73	11.89	10.45	2.42	6.48	12.88	4.85	-5.76	7.41	-8.05	5.42	-1.95
Japan	N/A	-12.29	20.76	18.17	22.17	-10.22	8.57	-8.82	-4.87	0.33	-5.50	-9.39	-6.96
Mexico	N/A	N/A	N/A	N/A	N/A	28.86	19.93	-9.20	-26.96	9.15	25.63	-1.62	N/A
Sweden	N/A	5.92	-2.10	3.47	10.07	7.06	2.79	8.68	2.42	-6.39	-15.34	11.19	-5.91

APPENDIX 4: Frequency of Visits per Capita

Own elaboration based on information from the Media Salles' Cinema Yearbook 2008.

Frequency per capita

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
United States	4.54	4.89	4.96	5.21	5.16	4.90	5.04	5.55	5.24	5.06	4.64	4.67	4.64
Western Europe	1.83	1.95	2.09	2.23	2.19	2.27	2.50	2.49	2.35	2.48	2.20	2.25	2.19
Japan	1.02	0.95	1.12	1.21	1.14	1.07	1.28	1.26	1.27	1.33	1.26	1.30	1.30
Mexico	0.68	0.87	1.01	1.10	1.25	1.33	1.41	1.53	1.36	1.59	1.54	1.60	N/A
Sweden	1.69	1.74	1.72	1.79	1.81	1.92	2.04	2.05	2.03	1.85	1.62	1.69	1.64

Variation in Frequency per capita (in percentage)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
United States	N/A	7.71	1.43	5.04	-0.96	-5.04	2.86	10.12	-5.59	-3.44	-8.30	0.65	-0.64
Western Europe	N/A	6.56	7.18	6.70	-1.79	3.65	10.13	-0.40	-5.62	5.53	-11.29	2.27	-2.67
Japan	N/A	-6.86	17.89	8.04	-5.79	-6.14	19.63	-1.56	0.79	4.72	-5.26	3.17	0.00
Mexico	N/A	27.94	16.09	8.91	13.64	6.40	6.02	8.51	-11.11	16.91	-3.14	3.90	N/A
Sweden	N/A	2.96	-1.15	4.07	1.12	6.08	6.25	0.49	-0.98	-8.87	-12.43	4.32	-2.96

APPENDIX 5: The Experts

1. Rohit Talwar (United Kingdom/ Futurist)

Internationally renowned futurist, award-winning speaker and consultant. In the present, he is CEO and owner of the Consulting Firm, Fast Future.

2. Aaron Heinrich (United States/ Futurist)

Award winning global strategist, and futurist. In the present he works as an independent consultant in projects with a future orientation.

3. Derek Woodgate (United States/ Futurist)

Internationally recognized futurist, prolific writer and consultant. In the present, he is President of the Consulting Firm, The Futures Lab and a founding member of the APF.

4. Fernando Altamirano (Sweden/ Academic)

Filmmaker graduated from the University Center of Cinematographic Studies of UNAM in Mexico. In the present, he is a film teacher in the high school of arts Midgårdsskola.

5. Jesús López (Mexico/ Academic)

Filmmaker graduated from the London Film School, technical adviser, speaker and prolific author. In the present, he is a film and audiovisual teacher in the Tecnológico de Monterrey.

6. Karin Forsgren (Sweden/ Government-funded organization)

In the present, he is a member of the government-funded Film Gävleborg.

7. Luis Carrillo (Mexico/ Private sector)

In the present, he is the executive manager of Corporate Sales and Publicity at Cinepolis.

APPENDIX 6: First Round Questionnaire

Dear **Name and Last Name**,
First of all, I would like to say that it is an honor to have you participating in this trend analysis process.

The aim of this exercise is to study trends affecting the future of the Cinema-going Experience, through the participation of experts in the field. The "Cinema-going Experience" is defined as the activity of going to a Cinema to see a movie, and involves all the elements that contribute to the success of this activity.

During the pre-study for the thesis, data has stated that this leisure activity is facing challenges that are reflected in the drop of visitor rates in Cinemas, therefore this investigation is justified and relevant. By identifying changes in the environment that are having or will have an impact in the Cinema-going Experience, it is possible to anticipate changes in the arena in which the organization is immersed and understand how a player within the arena can adapt in order to attract the future visitor.

We look for these changes in the way of trends. <u>A trend is a change happening in the present that can be perceived and proved, and is expected to continue in the future</u>. It is important to look for trends related within one of these areas in the business environment.

- Science and Technology
- Ecology and earth
- Media
- Social changes and life styles
- Structures and organizations
- Legislation
- Politics
- Economy and market

This investigation relies on your expert opinion. For that reason I would appreciate if you could answer the question presented on the following page and submit, your response during this week. After collecting the data generated in this first round a second (and final document) will be sent, in it we will evaluate the trends identified by the group, by following a criterion for voting.

I would like to thank you in advance for your valuable and quick response, I will be glad to share with you the results of the investigation.

Do not hesitate to contact me if required,

Lorena Pulido

QUESTION: What trends present in an international context, are having or will have an impact in the way we watch movies in a Cinema today? (Time horizon 5-10 years)

Please answer this question for each of the trend areas, be as detailed as possible (arguments or data that justify your opinion will be greatly appreciated). If a category does not fall under your area of expertise answer the question in a general way.

I. Science and Technology

- Migration from traditional to digital technology. More and more cinema owners have implemented digital technology in their complexes; this transition allows them to improve cinema-going experience and to offer new types of entertainment. However, there is a concern about costs related *(this is a trend example if you do not agree with it, please remove it from your list).*

II. Ecology and earth

-

III. Media

-

IV. Social changes and life styles

-

V. Structures and organizations

-

VI. Legislation

-

VII. Politics

-

VIII. Economy and market

-

APPENDIX 7: Second Round Questionnaire

Dear **Name and Last Name**,

First of all, I would like to thank you for your interesting response and the time involved in it. I have integrated all of them, into one list of identified trends that are impacting or will impact the Future of the Cinema-going Experience. During the first round, some of the opinions agreed in some issues and some answers diverged, because the identification of different phenomena is based on the expert's location and area of expertise.

In this second round, we will validate the results and evaluate each trend following two different criteria. In the next page, you will find the complete list of trends with a brief description of each one, please read it, and continue with the evaluation exercise.

Thanks in advance for your quick response and your deep analysis,

Do not hesitate to contact me if required,

Lorena Pulido

I. RELEVANCE of each trend to the Future of the Cinema-going Experience.

In this evaluation we determine *how relevant each of the trends is to the future of the Cinema-going experience.* Please assign to each trend, a value between 1 and 5 according to the scale below:

1 = the trend is almost irrelevant
2 = the trend is a little relevant
3 = the trend is relevant
4 = the trend is very relevant
5 = the trend is almost future-defining

Trend Area	Identified Trends	Relevance
Science and Technology	Cinemas are increasingly migrating from traditional technology to digital technology	
	There is a rise in quality and access of cinema-like technology for home entertainment.	
	There is a decrease in 3D technology costs and an increase in quality.	
	There is an increase in the production and exhibition of 3D films.	
	Immersive Cinema and 4D experiences are increasing.	
	Interactive cinema is increasing.	
Ecology and Earth	Society is more concerned about the environment and trying to reduce its ecological impact.	
	Society is increasingly urging industry to go green.	
Media	Social media and web-based peer opinion are increasingly important.	
	Media power on portrayal and promotion of films is increasing.	
	Celebrities are becoming more involved in the promotion and positioning of films.	
	Simultaneous world premieres of films are increasingly popular.	
Social Changes and Life-styles	Movie piracy is increasing.	
	Deluxe services are becoming more accepted among older audiences.	
	Content transfer directly to mobile phones is increasing.	
	Consumers increasingly want customized goods and services.	
	More and more people rely on the Internet as a primary source for information and entertainment.	
	Leisure activities are increasingly privileged by consumer spending.	
	There is an increasingly interest for foreign films and new types of storytelling.	
	Cinema facilities are increasingly considered meeting points.	
Structures and Organizations	Big studios increasingly control production and distribution of films.	
Legislation	Restrictive governments are loosening their controls to censor movies.	

	There is a tendency of government to toughen laws towards illegal downloading.	
Politics	Financed film and support for national cinema are increasing.	
	Films are increasingly used to place political messages.	
Economy and Market	There is an increase in the price of admission tickets.	
	There is a rise in the costs related to cinema-going.	
	Cinema facilities are increasingly transformed into spectacle centers.	
	There is an increase in the interest of studios on reducing the times between exhibition windows.	

II. PROBABILITY of each trend related to the Future of Cinema-going Experience.

In this evaluation we determine *how probable it is, that each of the trends related to the future of the Cinema-going experience will develop into a significant issue.* Please assign to each trend, a value between 1 and 5 according to the scale below:

1 = it is almost improbable
2 = it is a little probable
3 = it is probable
4 = it is very probable
5 = it is almost a fact

Trend Area	Identified Trends	Certainty
Science and Technology	Cinemas are increasingly migrating from traditional technology to digital technology	
	There is a rise in quality and access of cinema-like technology for home entertainment.	
	There is a decrease in 3D technology costs and an increase in quality.	
	There is an increase in the production and exhibition of 3D films.	
	Immersive Cinema and 4D experiences are increasing.	
	Interactive cinema is increasing.	
Ecology and Earth	Society is more concerned about the environment and trying to reduce its ecological impact.	
	Society is increasingly urging industry to go green.	
Media	Social media and web-based peer opinion are increasingly important.	
	Media power on portrayal and promotion of films is increasing.	
	Celebrities are becoming more involved in the promotion and positioning of films.	
	Simultaneous world premieres of films are increasingly popular.	
Social Changes and Life-styles	Movie piracy is increasing.	
	Deluxe services are becoming more accepted among older audiences.	
	Content transfer directly to mobile phones is increasing.	
	Consumers increasingly want customized goods and services.	
	More and more people rely on the Internet as a primary source for information and entertainment.	
	Leisure activities are increasingly privileged by consumer spending.	
	There is an increasingly interest for foreign films and new types of storytelling.	
	Cinema facilities are increasingly considered meeting points.	
Structures and Organizations	Big studios increasingly control production and distribution of films.	
Legislation	Restrictive governments are loosening their controls to censor movies.	

	There is a tendency of government to toughen laws towards illegal downloading.	
Politics	Financed film and support for national cinema are increasing.	
	Films are increasingly used to place political messages.	
Economy and Market	There is an increase in the price of admission tickets.	
	There is a rise in the costs related to cinema-going.	
	Cinema facilities are increasingly transformed into spectacle centers.	
	There is an increase in the interest of studios on reducing the times between exhibition windows.	

III. Future Possibilities

In this last exercise, some ideas for future behaviors that emerge from the responses in the first round are presented. *If these possibilities were transformed into realities, in which year do you think it would occur?*

Please assign to each idea, a year in which you believe it will be a reality (ex. 2015).

Future Possibilities	Year
There is a technology available that superimposes our face and voice on the characters in a film, each viewer watches through a monitor and has a totally personal experience.	
There is evidence on the particular benefits of attending different types of film, for example there are films that are proven to reduce stress levels.	
There is a technology available that allows us to receive films directly to our brains.	
There is legislation coherent with technological developments, for example there are ratings for films that audiences can experience physically and punishment for deaths in immersive cinema.	
There is a subscription scheme where you can access first-handed celebrity content, for example there is the Angelina Jolie channel where you can be part of her life and network.	
There are new players in film exhibition and distribution, for example convention centers that have transformed some of their areas into cinemas and even restaurants that exhibit blockbusters during waiting times.	

APPENDIX 8: Evaluation of criteria in each Future Scenario

Criteria	Scenario 1 (A1B1) High-tech cinema	Scenario 2 (A1B2) High-tech spectacle center	Scenario 3 (A2B1) PR-cinema	Scenario 4 (A2B2) Home experience-cinema
Digital Technology	Digital technology allowed cinemas to offered an enhanced experience by the projection of 3D, 4D films and projection in IMAX. The projection of prints is almost nonexistent in the world, just present in remote rural areas.	Digital technology made exhibition more efficient and opened new opportunities for the projection of games, concerts, TV-shows that complements the projection options, films are just a part of the menu.	Digital technology allowed cinemas to offer an enhanced experience under demand. For the general audience traditional projection a mix between 3D, 2D and IMAX is the rule. Multiplex format with a range of auditorium sizes are successful.	Digital technology allowed cinemas to offer a broader menu for their main audience; cinemas become a second house where kids can watch TV shows that are also broadcasted on VoD.
Cinema-like technology for home entertainment	Home cinemas have 3D-enabled large format LCD screens with content delivered by wireless broadband; however people are drove to cinemas to watch first released popular films highly marketed.	Home cinemas have 3D-enabled large format LCD screens with content delivered by wireless broadband; however people are drove to the spectacle centers to watch different content with the latest technology.	Home cinemas have 3D-enabled large format LCD screens with content delivered by wireless broadband. For the majority of the population, there is no point on going to the cinemas because they prefer to watch movies at home. Teenagers are the main audience.	Home cinemas have 3D-enabled large format LCD screens with content delivered by wireless broadband. For the majority of the population, there is no point on going to the cinemas because they prefer to watch movies at home. Teenagers are the main audience.
3D technology and films	3D technology has been well received and is part of all projections. There have been a massive production of 3D films, every cinema has the technology for their projection.	3D technology has been well received and is part of all projections. There have been a massive production of 3D films, viewers have the possibility to watch them at home.	Luckily the price of 3D technology has decreased so cinemas are able to offer the service in special occasions. There have been a massive production of 3D films, cinemas have the presence of leading actors	Luckily the price of 3D technology has decreased so cinemas are able to offer the service in special occasions. There have been a massive production of 3D films; cinemas attempt to offer an old school

			in the premieres and use 3D in special occasions.	projection by avoiding 3D that is accessible for everybody.
Movie Piracy	Movie piracy has been and will be a big problem that is why the industry realized some years ago that piracy would always be there. Several attempts made them concluded that even if they get smarter, piracy find the way to be there. There is a direct effect on revenues, because of an increase in movie piracy.	Movie piracy was at such high level in previous years, that studios decided to collapse windows of exhibition. In this way piracy had become less of a problem, since the releases are simultaneous across all formats.	Movie piracy has been and will be a big problem that is why the industry realized some years ago that piracy would always be there. Several attempts made them concluded that even if they get smarter, piracy find the way to be there. There is a direct effect on revenues, because of an increase in movie piracy.	Movie piracy was at such high level in previous years, that studios decided to collapse windows of exhibition. In this way piracy had become less of a problem, since the releases are simultaneous across all formats.
Content transfer to mobile phones	Even when it is cheaper to order movies and download them to mobile phones, general audiences love to go to cinemas for the experience. Second releases are not very popular nowadays, because everybody can get the movie and watch it at home.	Since films are released simultaneously to several platforms, it is popular to download a film directly to a mobile phone and watch it in parts in dead time. However, this applied mostly for independent movies without marketing efforts. People want to watch popular movies in big screens.	To catch a film in a release you have to go to the cinema, however it is common to order movies and download them to mobile phones, once it is possible to do so.	Since films are released simultaneously to several platforms, it is popular to download a film directly to a mobile phone and watch it in parts in dead time. Also, mobile content can be projected in home cinemas so, it is common to watch a movie at home and to watch it again in your mobile.
Internet as a primary source for information and entertainment	Internet-based VoD is the principal content distribution model. TV shows are downloadable shortly after original broadcast. Movie piracy for new released film is outrageous.	Internet-based VoD is the principal content distribution model. However, technology drives people outside their home, some people check on the Internet films and if they seem worth it they pay for a ticket.	Internet-based VoD is the principal content distribution model. TV shows are downloadable shortly after original broadcast. Movie piracy for new released film is outrageous.	Internet-based VoD is the principal content distribution model. However, young people still is looking for opportunities to get out of the house and they pay for a cinema visit even when they have already seen that content.

Admission ticket price	As a result of the technology offered and films premieres, tickets are more expensive, since the experience is worth it.	As a result of the technology offered and films premieres, tickets are more expensive, since the experience is worth it.	Ticket prices have been stable; cinema owners have done different changes to reduce costs.	Ticket prices have decreased since the service offered is no frills. There is a movement for low-cost cinemas.
Immersive cinema and 4D experiences	Cinema came alive! Facilities have the latest technology to assure fully sensory immersion; moving chairs, surround sound. There are also video goggles as a wraparound screen right in front of viewer's eyes.	Cinema came alive! Facilities have the latest technology to assure fully sensory immersion; moving chairs, surround sound. There are also video goggles as a wraparound screen right in front of viewer's eyes.	Technology keeps developing options to assure a fully immersive experience, however people do not want to pay for it. So, cinemas are polarized and have services like this on demand.	Technology keeps developing options to assure a fully immersive experience, however people do not want to pay for it. Cinemas decided to keep it simple and go back to basics.
Social media and web-based peer opinions	Since movie piracy is a reality, social media and web-based peer opinions can lift or kill a movie before premiering. Studios are extra careful and try to manage negative comments by increasing advertising.	Social media and web-based tools are critical part of film marketing, marketing spends are more efficient since films are available in every format once the public hears about them.	Since movie piracy is a reality, social media and web-based peer opinions can lift or kill a movie before premiering. Studios are extra careful and try to manage negative comments by increasing advertising.	Social media and web-based tools are critical part of film marketing, marketing spends are more efficient since films are available in every format once the public hears about them.
Marketing and Advertising	Marketing spend for big budget films has increased, immersive cinema attributes are highlighted.	Marketing spend for big budget films has increased, immersive cinema attributes are highlighted.	Marketing spend for big budget films has increased, theatrical releases view as a key driver for home video success.	Marketing spend for big budget films has increased, advertising focus on the story, movies when and where you want.
Customer's want for customized goods and services	Cinemas are concentrated in new films, however digital technology allows them to offer variety and change films in some areas rapidly.	Niche theaters that cater specific audiences through a wide variety of content, also the content changed rapidly.	Cinemas are concentrated in new films, however digital technology allows them to offer variety and change films in some areas rapidly.	Niche theaters that cater specific audiences through a wide variety of content, also the content changed rapidly.
Costs related to Cinema-going	Have increased. In addition, cinemas include	Have increased. In addition, cinemas include	Have increased. In addition, cinemas include	Have increased. In addition, cinemas try to

	deluxe services and more variety.	deluxe services and more variety.	add variety to the traditional products.	gain money from extras like food. There are also cheaper options like vending machines with different products.
Target age group	Since the ticket price is high, technology is expensive and requires careful handling cinemas are focused on +21 audiences. But they have a multi-target offer because of their variety of content.	Since the ticket price is high, technology is expensive and requires careful handling centers are focused on +21 audiences. But they are flexible and can target younger audiences as well.	Cinemas are multi-target, they can satisfied younger and older audiences by projecting different content. However, the main audiences are young people.	Cinemas are much more niche than before, so they are multi target, however, the main audience are young people.
Target social class	A, B	A, B	A, B, C+, D, D+	C+, D, D+
Main actors and stakeholders	Big studios, distributors, exhibitors, government, media. Higher power on big studios. Distributors long-term window driven contracts expires and were renegotiated. Exhibitors agree to devote efforts to the promotion of films and theatrical window remained.	Big studios, distributors, exhibitors, government, media. Higher power on big studios. Distributors long-term window driven contracts expires and were renegotiated. Big studios decided to collapse windows of exhibition. Exhibitors looked for new alliances with other content-generators.	Big studios, distributors, exhibitors, government, media. Higher power on distributors. Distributors long-term window driven contracts expires and were renegotiated. Exhibitors agree to devote efforts to the promotion of films and theatrical window remained.	Big studios, distributors, exhibitors, government, media. Higher power on distributors. Distributors long-term window driven contracts expires and were renegotiated. Big studios decided to collapse windows of exhibition. Exhibitors looked for new alliances with other content-generators.
New income options	Cinemas charge more for an enhance experience, also prices are differentiate according to the release date. And they get extra incomes for deluxe service products.	Cinemas charge more for an enhance experience, also charge extra for live events. And they get extra incomes for deluxe service products.	Cinemas charge extra for premieres and for cast member's presence. They also have experts discussing the release and special events for premieres.	Cinemas charge extra according to the accommodation, in coaches, chairs, floor.