


Macro-View

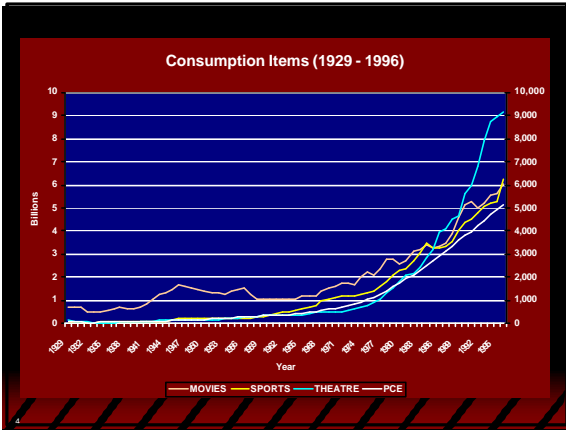


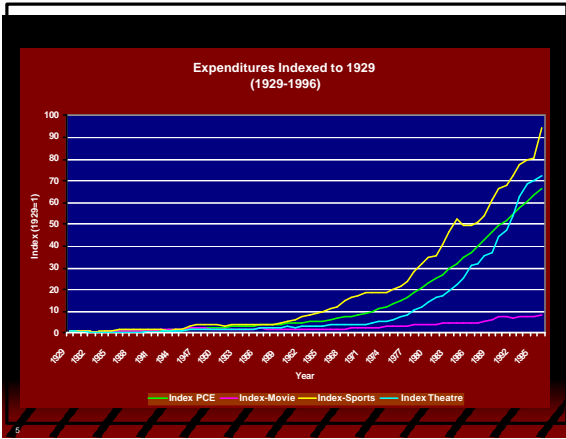
Recreation Expenditure Data

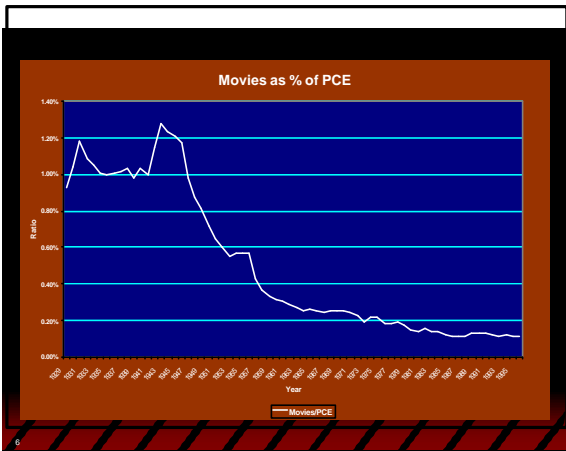
- ◆ The data is in the appendix to Vogel that I asked you to look at.
- ◆ Try to get a feel for what has been happening to leisure expenditures over time
 - relative to all consumption
 - within various classes

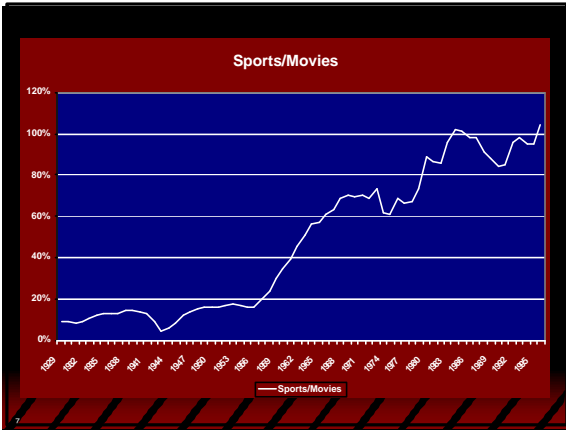
Income, Consumption and Recreation

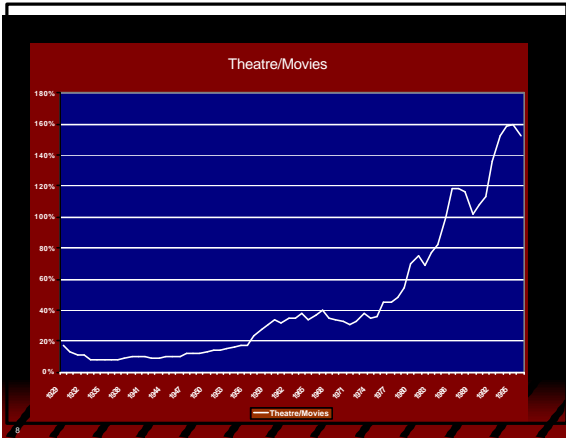
| Year | Disposable Income | Personal Consumption Expenditures | PCE on Recreation |
|----------------|-------------------|-----------------------------------|-------------------|
| 1929 | 81.80 | 77.48 | 4.40 |
| 1996 | 5,885.50 | 5,151.42 | 430.31 |
| CC Growth Rate | 6.38% | 6.26% | 6.84% |













Continuously Compounded Growth Rates

| | Disp. Income | PCE/ Rec | Theater | Movies | Cable | Sports | CPI |
|---------|--------------|----------|---------|--------|-------|--------|------|
| 1929-96 | 6.3% | 6.8% | 6.4% | 3.2% | | 6.8% | 3.3% |
| 1959-96 | 7.5% | 8.6% | 9.0% | 4.8% | 21.1% | 8.1% | 4.5% |

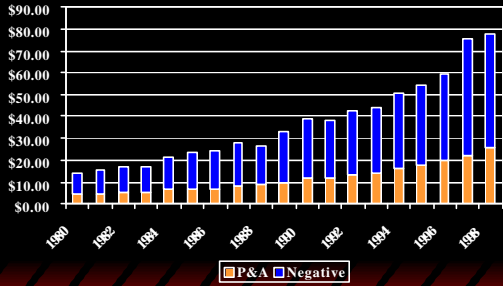
Conclusions

- ◆ Movie Box Office Is Declining in Real Terms
- ◆ Movie Box Office Is a Decreasing Percentage of Consumption Expenditures
- ◆ Live Events Are Growing, As Is Sports
- ◆ Note That This Omits TV and Video, and Is Only Domestic

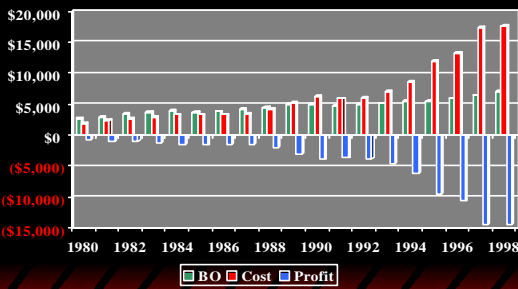
Look at MPAA Data

- ◆ More on What Is Happening to Attendance
- ◆ A First Cut at Domestic Profit Margin
- ◆ Multi-screening
- ◆ Per-screen Attendance Is Falling
 - Total Attendance Is Up, but Still Not Nearly 1940's
 - Per capita attendance is 5.5, was over 40 in 1946
- ◆ Domestic Box Office Is a Losing Proposition
- ◆ "Titanic" Doesn't Really Change Things

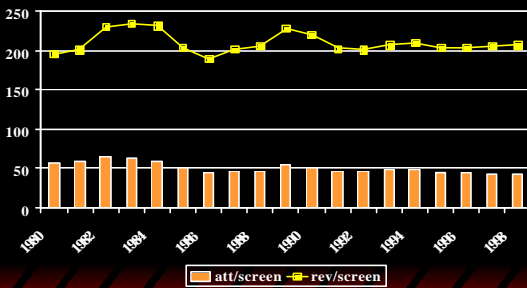
Average Cost for MPAA Releases



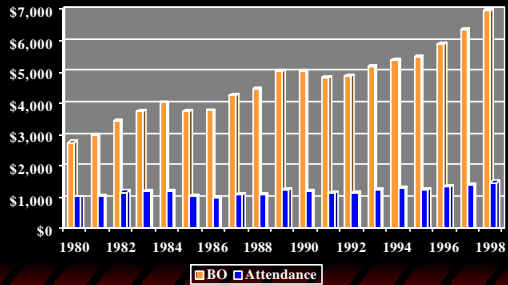
Domestic BO vs. Cost (46% to Distributor)



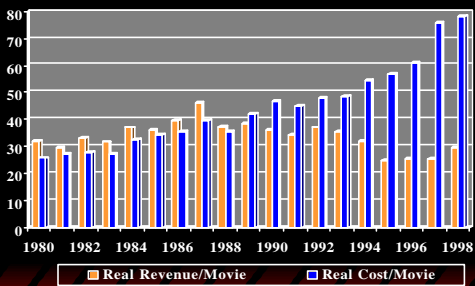
Revenue and Cost Per Screen



B.O. and Attendance



Real Revenue and Cost per Movie



Growth Rates from MPAA

| | |
|--------------------|--------|
| Avg. Total Cost | 9.66% |
| Avg. Negative Cost | 9.59% |
| Avg. P&A | 9.81% |
| Avg. Gross | 5.15% |
| Avg Gross/Screen | 1.46% |
| Attendance | 2.06% |
| Attendance/Screen | -1.63% |
| Screens | 3.69% |
| Indoor Screens | 4.83% |
| Real Box Office | 1.67% |
| Real Ticket Price | -0.54% |

Some Evidence From the Stock Market

Share Price Performance From 1926 - 1997

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Wealth Relative 1926-46

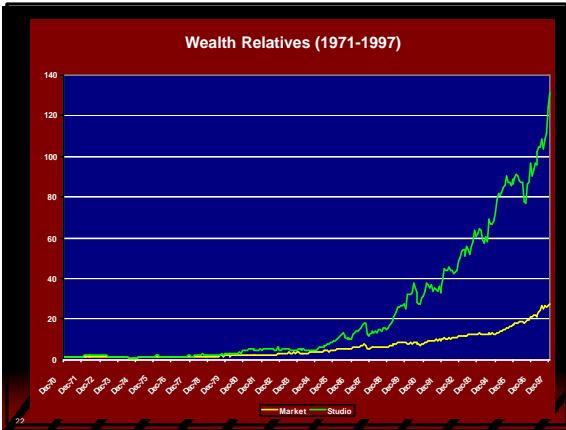


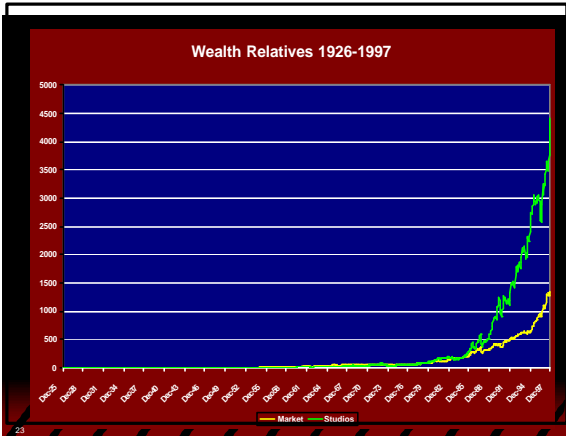
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Wealth Relatives (1947-1970)



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Summary Statistics for Excess Returns Over Market

| | Mean | StdErr | t-Stat |
|---------|-------|--------|--------|
| 1926-46 | .62% | .52% | 1.19 |
| 1947-70 | -.01% | .27% | -.02 |
| 1971-97 | .72% | .32% | 2.22 |
| 1926-97 | .45% | .21% | 2.09 |
