A Case Study for HSC Business Studies

WORLD’S BIGGEST SCREENS Pty Ltd
LG IMAX Theatre Sydney
1. INTRODUCTION

Big Screen Business is a case study of the IMAX Theatre designed for use specifically with HSC Business Studies students.

Education Pack

This Education Pack is available for teachers and contains comprehensive information relating to the 5 key topic areas of the HSC syllabus:

- Business Management & Change
- Financial Planning
- Marketing
- Employment Relations
- Global Business

In addition to detailed background information for teachers, this pack also contains articles, film updates and a range of student activity sheet masters for use on site.

This pack is available free with every Business Studies excursion to the LG IMAX Theatre Sydney.

Student Activity Sheets

A set of student activity sheet masters are provided at the back of this pack. Please copy and distribute these to students for use at the theatre.

It is intended that students work independently through the sheets under teacher supervision.

Business Talks

A series of IMAX Business Talks have been developed to complement the Big Screen Business Education Pack and provide students with an overview of business operations and marketing. These talks are held in the theatre at 9.30am on a range of selected dates only.

Business Talks may be scheduled upon request on dates to suit individual schools.

Check our website for a list of current dates available:

Please enquire with our Bookings Office about availability of Business Talks on Ph: 02 9213 1600; Fax: 02 9281 3833; or email: education@imax.com.au
2. CURRICULUM LINKS

STAGE 6
HSC Business Studies

Source: NSW Board of Studies Business Studies syllabus 1999.

Business Management & Change
H2.1 Describes & analyses business functions & operations and their impact on business.
H3.2 Evaluates the effectiveness of management in the organisation & operations of business and its responsiveness to change.
H4.2 Evaluates management strategies in response to internal and external factors.

Content: Managing change

Financial Planning & Management
H2.1 Describes & analyses business functions & operations and their impact on business.
H3.2 Evaluates the effectiveness of management in the organisation and operations of business and its responsiveness to change.
H4.2 Evaluates management strategies in response to internal and external factors.

Content: Role of financial planning

Marketing
H2.1 Describes & analyses business functions & operations and their impact on business.
H3.2 Evaluates the effectiveness of management in the organisation and operations of business and its responsiveness to change.
H4.2 Evaluates management strategies in response to internal and external factors.
H5.2 Plans & conducts an investigation into business to present the findings in an appropriate business format.

Content: Nature and role of marketing; Elements of a marketing plan; Market research; Customer & buyer behaviour; Developing marketing strategies

Employment Relations
H2.1 Describes & analyses business functions & operations and their impact on business.
H3.2 Evaluates the effectiveness of management in the organisation and operations of business and its responsiveness to change.
H4.1 Critically analyses the social and ethical responsibilities of management.
H4.2 Evaluates management strategies in response to internal and external factors.

Content: The nature of employment relations; Key influences on employment relations; Effective employment relations; Legal framework of employment; Industrial conflict; Ethical and legal aspects

Global Business
H1.1 Explains the impact of the global business environment on business role and structure
H2.1 Describes & analyses business functions & operations and their impact on business.
H3.2 Evaluates the effectiveness of management in the organisation and operations of business and its responsiveness to change.
H4.2 Evaluates management strategies in response to internal and external factors.

Content: Global business strategy; Specific influences on global business; Managing a global business
3. YOUR BUSINESS STUDIES EXCURSION

OPTION 1: Teacher Led Visit

With teacher led visits, session times and film titles may be decided by teachers, subject to booking availability.

1. Arrive at theatre
   Teacher arranges payment with the Box Office and students are seated in the Theatre.

2. Film Screening
   Students remain in their seats to experience the unique IMAX ‘product’ by viewing a film such as Shackleton’s Antarctic Adventure, which is currently used as an example in the Education Pack.

3. Student Activity Sheets
   Students work through activities and questions independently under teacher supervision, observing the theatre at work. (Optional)

   COST:   $9.00 per student (single film)
            $14.50 per student (double film)
            Includes complete resource pack on CD for teacher.

OPTION 2: Business Talk & Film Screening

With visits that include a Business Talk, a limited range of dates and time are available. Please check with IMAX Education staff about availability of talks.

9.15am: Arrive at theatre
   Teacher arranges payment with the Box Office and students are seated in the Theatre.

9.30am: Big Screen Business Student Talk
   Student PowerPoint™ presentation in the IMAX auditorium (30mins).
   (We are unable to offer talks at other times of the day due to operational commitments of the theatre.)

10.00am: Film Screening
   Students remain in their seats to experience the unique IMAX ‘product’ by viewing one of the many IMAX films currently screening. To compare both the 2D and 3D film formats, take advantage of our Double Film Deal for schools.

11.00am: Student Activity Sheets
   Students work through activities and questions independently under teacher supervision, observing the theatre at work. (Optional)

   COST:   $14.00 per student (single film + student talk)
            $19.50 per student (double film + student talk)
            Includes complete resource pack on CD for teacher.
4. WHAT IS IMAX?

IMAX is the largest and most exciting film format in the world. With crystal clear images, ten times larger than traditional cinema format.

The IMAX Difference

Since the earliest days of cinema, filmmakers have realised that the bigger the image the greater the impact on the viewer.

Imagine the difference between watching a film at home on video and the same film at a normal 35mm cinema. The film might be the same, but the experience couldn't be more different. Well consider the jump from traditional cinema to IMAX as a similar dramatic leap.

With IMAX® 3D we then add, quite literally, a new dimension to the whole experience. Using state-of-the-art 3D glasses, the IMAX® 3D experience has brought 3D enjoyment a long way from the cardboard glasses of the 1950s.

Sight & Sound

The screens in IMAX Theatres are the biggest in the world. Up to eight stories high, they are ten times larger than a traditional cinema screen and fill the whole field of human vision. Sound is critical to the IMAX experience. The film soundtracks are delivered through a 15 000 watt digital surround sound system manufactured by Sonics Associates Inc, one of the world leaders in sound system design.

Projection & Film

To project such large films IMAX have built the most advanced, high precision and powerful projectors.

IMAX films are shot and projected on 15 perforation /70mm film – the largest film format in existence. It is only possible to project these onto the huge screen because of the remarkable high definition and clarity of these film frames. And it is these huge film frames that are at the heart of the IMAX experience. Three times larger than the traditional 70 mm cinemascope frames they have pushed the quality of motion picture images to new heights (quite literally).

The key to their superior performance and reliability is the unique “Rolling Loop” film movement, interestingly an Australian invention, developed by Ron Jones.

The Rolling Loop advances the film horizontally in a smooth, wave-like motion. During projection, each frame is positioned on a fixed registration point and the film is held firmly against the rear element of the lens by a vacuum. As a result, the picture and focus steadiness are far above normal standards and provide outstanding image clarity.

The powerful 3D projector uses two 15,000 watt bulbs (the average 35mm projector uses a bulb between 2,000 and 4,000 watts). The huge heat generated requires a dedicated cooling system that pumps 1,600 cubic metres of air and 36 litres of distilled water through the lamp housing every minute to keep the projector cool.
The three-dimensional effect is an optical illusion based on human vision. A person sees the world in 3D with our two eyes which are set slightly apart. When you look at an object, each of your eyes sees a slightly different view. Through a process called ‘stereopsis’ your brain brings the two views together into a single three-dimensional image.

IMAX 3D cameras incorporate two identical lenses that are precisely spaced to match the distance between your eyes. This interocular distance allows each lens to ‘see’ both left and right views exactly as your eyes would see them. This helps to create the realistic 3D images once projected.

During shooting, the images register on two separate rolls of 15/70 film that run through the camera at the same time and speed.

The IMAX projector runs two separate rolls of film simultaneously past twin projection lenses. The enable the 3D effect, the lenses are carefully aligned to project both left and right eye views onto the giant screen.

To see images in 3D, the audience wears either polarized glasses or a headset. The polarising glasses worn by the audience are precisely matched with the polarizing filters of the projector’s twin lenses. While the lenses superimpose separate left and right eye views onto the screen, the glasses make sure that each eye sees the appropriate image, allowing you brain to create a single 3D image.

The two lenses on the IMAX® 3D camera roughly match the distance between our eyes and so each lens “sees” a slightly different view. The images are photographed onto two separate rolls of film – corresponding to a right eye and left eye image – which run simultaneously through the camera.

These two films are then alternately projected in the theatre. The shutters on the projector alternate between left and right images 96 times per second.

Infra red sensors in the headsets worn by viewers alternately switch off the left and right eye liquid crystal lenses in sync with the images projected, creating the illusion of three dimensions.

**IMAX DMR (digitally re-mastered feature films)**

Selected feature films are now being converted to the giant screen format, using technology developed by IMAX Corporation known as “DMR” (or “digital re-mastering”).

Films such as 300, Spiderman 3 and Harry Potter and the Order of the Phoenix have all been converted to the giant screen format using this proprietary technology, effectively bringing a new range of film product to audiences and theatres.

IMAX digital re-mastering starts by converting a 35mm frame into digital form at very high resolution, capturing all the detail from the original. The proprietary software analyses and extracts the important image elements in each frame from the original film to create a pristine form of the original photography. This is the most complex step in IMAX digital re-mastering.

The image on a 35mm film frame is comprised of a fine grain structure like that of all photographic images. This grain when projected on to the IMAX screen looks like a TV channel with bad reception. IMAX DMR removes this grain while preserving the quality of the underlying image making what you see on the screen crystal clear.

Some animated feature films such as Open Season and The Ant Bully have not only been enlarged but they have also been converted to IMAX 3D, taking the process of digital re-mastering to yet another level.
5. IMAX IN AUSTRALIA

World’s Biggest Screens Pty Ltd operates one IMAX Theatre:

**LG IMAX Theatre Sydney**

Located on the waterfront in Darling Harbour, Sydney IMAX boasts the world’s biggest cinema screen at more than eight stories high.

Open every day of the year, the 500 seat theatre also features a Candy Bar on the Mezzanine Foyer. The distinctive eye-shaped building is clad in aluminium and features an eye-catching black and yellow checkerboard façade.

In 2003, LG was signed as the new sponsor of the Sydney theatre replacing Panasonic’s sponsorship when ended in 2000. The theatre is formally known as the LG IMAX Theatre Sydney.

**A HISTORY OF MANAGEMENT CHANGE**

World’s Biggest Screens Pty Ltd at one point also operated theatres in Melbourne, Brisbane and Adelaide. While opening to successful numbers the Brisbane & Adelaide Theatres ultimately closed because they couldn’t sustain commercially viable operations. The primary factor in the closures was the population base of those cities, resulting in low attendances.

In the case of the Melbourne IMAX Theatre, ownership & management has been taken over by the Melbourne Museum (the IMAX Theatre is actually located inside the Melbourne Museum).

Management within World’s Biggest Screens Pty Ltd has shifted focus to concentrate only one Theatre only – in Sydney.


**The Australian IMAX Success Story**

In 2002, the IMAX Theatre Sydney was the 3rd best attended IMAX 3D theatre in the world. With over 220 IMAX theatres operating in 193 markets and 30 countries, this is an outstanding achievement.

Today, the LG IMAX Theatre Sydney ranks consistently as one of the top 5 performing theatres in the world, in terms of admissions.

Since opening in 1996, the LG IMAX Theatre Sydney has received over 6 million admissions and grossed more than $60 million (based on an average ticket price of $10.00 per person).

The LG IMAX Theatre still holds the record as the Largest Cinema Screen in the WORLD!
6. BUSINESS MANAGEMENT & CHANGE

A PERIOD OF CHANGE

IMAX was first introduced to Australia in 1996 when the Sydney IMAX Theatre opened in Darling Harbour. Operated by Cinema Plus Limited, a publicly listed company, the Sydney IMAX Theatre was the first in a chain of theatres established around Australia.

At the time, the aim of Cinema Plus Ltd was to develop a chain of large format theatres in large population centres such as Sydney, Melbourne, Brisbane, Adelaide, Perth, Auckland and Bangkok.

The company vision at the time was:
“To be widely recognised as the premier operator of IMAX Theatres in the world”.

As such, a plan for aggressively expanding IMAX theatres around Australia and also in the Asia Pacific region was the major priority of the company. Over the next 3 years, Cinema Plus Ltd opened 6 new theatres in Australia and overseas.

However, this phase of rapid expansion resulted in a cash flow problem for the company as a whole.

While the Sydney theatre was well on its way to establishing itself as a leading player in the out of home entertainment industry in Australia, other theatres in smaller locations were not performing to budgeted levels and therefore had difficulties in achieving financial targets. Theatre buildings were over-capitalised and the company had entered into rent agreements based on certain levels of theatre attendance, which were ultimately not achieved.

In particular, the Auckland and Bangkok theatres were a significant part of the demise of Cinema Plus due to their inability to contribute an adequate return on investment (ROI).

In 2000, administrators were appointed with a view restructuring the debt, coming to an agreement with creditors and setting the company on a path for rehabilitation. However, the proposals put before creditors were not regarded as credible options and as a result, Cinema Plus Ltd was liquidated.

It is important to point out that during this period, the theatres continued to trade as normal until new owners took control later in 2000, thus maintaining continuity with the general public. While the liquidation process damaged the company, importantly, it did not kill the business.

THEATRE LIFECYCLE: Determinants to Success or Failure
The following Theatre Lifecycle diagram illustrates how patterns of attendance fluctuate

SUCCESS:
Attendances increase above 250,000 admissions, buoyed by new film product, effective management and a strong population base (ie. located in cities with >3million people). Successful theatre.

FAILURE:
Attendances decline below 250,000 admissions, the result of a combination of film product, management decisions and size of population base. Theatre finds it difficult to survive; eventually closes.
With new ownership, there has been a significant change in management vision, with the aim of ensuring financial stability. Attention is now focused on consolidating the success of a smaller number of theatres in Australia only.

COMPANY MISSION
To operate giant screen IMAX theatres as leading entertainment facilities and tourist attractions in the expanding out-of-home entertainment market and build theatre attendance to provide the highest profitable return on investment.

COMPANY VISION
To provide visitors to IMAX Theatres with a high-value, leading-edge entertainment experience in a consistently high-quality environment. To be recognised as a unique cinema experience that is both entertaining and educational.

Objectives
This vision is being achieved through the following objectives:
• High quality films;
• Regular release of new films throughout each year;
• Satisfied customers;
• Well-trained staff;
• Financial responsibility and accountability

WORLD’S BIGGEST SCREENS Pty Ltd
Staffing Structure
MANAGEMENT STRUCTURE

The management structure is very simple and features a streamlined, multi-functioned staff reporting through a limited chain of managers.

A Chief Executive Officer at Head Office level oversees a small team of 3 key areas:

- Marketing
- Operations
- Finance

The Chief Executive Officer also assumes the role of Marketing Director.

This team works across each of the company’s theatres to ensure that financial targets are being reached and that marketing activities and operational procedures are consistent.

Operations Manager:

The Theatre is managed by an Operations Manager, who is responsible for the day-to-day activities within the theatre. This includes box office & candy bar functions, financial reporting, cash handling, security & cleaning etc. The Theatre also employs a Chief Projectionist who is responsible for the operation and maintenance of the specialised IMAX projection equipment. Other projectionists report to the Chief Projectionist.

Group Sales and Marketing Manager:

This position reports to the CEO/Marketing Director and is responsible for marketing the theatre to the specialist groups sector, which includes schools, groups, functions & events and tourism.

IMAX BUSINESS FUNCTIONS & OPERATIONS

Operations:

- Theatre management
- Duty managers
- Projectionists
- Cinema workers eg. box office, floor staff, candy bar staff
- Outsourced: cleaners, waste removal, security, technicians,

Marketing:

- Local theatre marketing
- Niche marketing eg. education, groups, tourism
- Outsourced: film publicist, advertising agency, graphic designers, printers, mailhouse, brochure distribution, catering etc

Finance:

- Accounts payable/ receivable
- Human resources
- Payroll
- Financial analysis and reporting
MANAGING CHANGE

The nature and sources of change in the IMAX business

External influences

Financial markets: exchange rate changes impact on profitability as film costs (eg. print fee, royalties etc) are based in US dollars

Economic factors: may reduce or increase spending power of consumers and the number of international visitors

Technological: advances in IMAX technology may produce a new range of film product
Eg, New “DMR” technology has enabled 35mm Hollywood blockbusters to be enlarged to the giant IMAX format, providing a completely new range of film product for some theatres.

Social: changing patterns of leisure will impact greatly on attendance; varies also with the time of year and cycles of school holidays

Geographic: changes to theatre access, parking or public transport will impact on attendance

Consumer: flexibility in scheduling allows the theatre to respond to changing consumer demand for films; word-of-mouth is very important is influencing the success of any new film

Internal Influences

Technological: expansion of e-commerce in marketing activities
Eg. Introduction of ticket purchasing via the internet has bee extremely successful since its introduction at the start of 2004.

New Systems & procedures: introduction of electronic link to bank for credit card transactions has increased productivity at box office (EFTPOS & credit card); new approach to timetabling films for schools to allow for greater teacher choice

Financial: changes to budget will impact on the degree of marketing undertaken for particular films

Product: changes in programming and film selection will influence attendance levels; development of new products eg. education talks, will broaden the theatre market; targeting corporate sector for theatre hire/ events and other groups such as seniors, can potentially create new ‘streams' of business; introduction of feature films broadens the traditional audience base for the theatre

Structural Responses to change

One of the key changes that have occurred in the operation of the Theatre has been the streamlining of management structures and consolidation of operational and marketing activities into a range of core essentials.

As part of this process, the company has responded by introducing:

• Flatter management structures
• Outsourcing of some roles formerly undertaken in-house, such as publicity
• Enhanced alliance with tourism networks to leverage awareness through joint promotional activities

Rather than resisting change, the company has embraced changes with a view to increased profitability and overall success of the company.
Managing Change
Local Theatre Attendance Patterns

One of the main features that remain constant in the IMAX business is CHANGE.

Fluctuations in attendance patterns are probably the most visible element of change experienced at the theatre. The fact that attendance levels change is not a concern in its own right, but it is the company’s ability to manage those changing attendance patterns which sets it apart from competitors.

As a result, knowledge of peak trading periods is crucial in the planning process.

PEAK TRADING PERIODS:

The key focus of the marketing strategy is to maximise returns during the four peak trading periods of the year:

- January holidays
- Easter
- Mid winter holidays
- Spring Holiday

During these periods our strategy is ‘to fish while the fish are biting’.

Major film releases are timed to coincide with school holiday periods and the lion’s share of marketing funds are spent at these times of year as well.

NON-PEAK TIMES OF THE YEAR:

During the non-peak periods (ie. in between school holiday periods) the strategy aims to maximise returns from three specific trading periods:

- Weekends: families visiting Darling Harbour
- Mid-week mornings: schools visiting on organised excursions
- Min-week evenings: adults/ tourists/ general cinema goers (non-family market)

In general 50% of attendance and revenue in any given week outside of the school holidays is accounted for during the weekend, when both our two key target markets (local Sydneysiders and tourists) have available time and a pre-disposition to out-of-home entertainment.

The education market is recognised as a key segment for daytime attendance between 10am–1pm, when there is limited potential for attendance by core theatre markets. Schools represent just over 20% of the total theatre attendance averaged across the entire year; yet it represents more than 40% of attendance within the mid-week/ non-peak time of the year. Thus, the education sector is considered to be of high importance to the theatre, particularly in the context of fluctuating theatre attendance patterns.

Local conditions and the location of each theatre then create a variety of opportunities for capturing other markets during this daytime attendance.

The graph above shows the natural fluctuations in theatre attendance over the course of a year. Peaks attendances occur during key school holiday periods and troughs occur most commonly in periods between. The aim of the sequence of film releases, spread evenly throughout the year, is to ensure the corresponding ‘evening out’ of these peaks and troughs into steady patterns of attendance and cash flow.
7. FINANCIAL PLANNING & ANALYSIS

FINANCIAL PLANNING CYCLES

The role of financial planning is extremely important at IMAX. A number of different reporting systems are used to monitor performance against budget.

Financial planning generally takes place at the start of the financial year (general budget setting) and also prior to the release of each new film.

Prior to the start of the financial year

At this time, general financial planning takes the form of setting the budget for the financial year ahead. This usually takes place in March or April. This phase of planning involves projecting attendance for the year ahead, based on a proposed range of films and taking into account results from the previous year.

Results are analysed as follows:

- Average Ticket Price (ATP): An average of all tickets sold.
- Sales Per Paid Admission (SPPA): The amount a visitor spends, per admission ticket, at the Candy Bar.

The ATP and SPPA targets are determined by management and then total theatre revenue projections are established for a range of new film releases.

Some of the key line items of the theatre’s budget include:

Income in the form of:

- box office admissions
- candy bar (food & beverage) sales
- other sources such as sponsorship or theatre hire/ functions

Major expenditure includes:

- the costs of prints and royalties
- general theatre operations
- various marketing activities

Any capital expenditure is added to the budget and can take the form of:

- a new air conditioning system for the theatre
- refurbishment of offices/ candy car
- new carpet for foyer
- upgrades to the ticketing system
- computer equipment for offices etc

The diagram below explains the key elements of the budget for the Sydney IMAX Theatre:

ADDITIONAL SOURCES OF REVENUE: Food & Beverage sales (Candy Bar) account for a significant portion of the revenue of the theatre.

Approximately 15% of total theatre revenue is obtained from purchases at the Candy Bar.

Ticket prices have relatively low margins compared to Candy Bar sales, which provide the theatre with opportunities to maximise profits.
OVERVIEW
Theatre Income & Costs

**Food & beverage**
- Candy Bar
- Functions (Food & Beverage sales)
  (accounts for approx. 10-15% of revenue)

**Box Office Sales**
- General theatre admissions
- Schools
- Tourists
  (accounts for approx. 85% of revenue)

**Other possible source of income:**
- Sponsorship
- Theatre hire
  (accounts for less than 5% of revenue)

**INCOME**
(Revenue)

**Operational Costs**
- Rent
- Staffing
- Ticketing system
- Security
- Projector consumables
- Staff uniforms
- Cash handling fees
- Cleaning
- Administration eg. stationery, postage, couriers
- Services & utilities eg. phone, electricity, water
  (accounts for approx. 50% of costs)

**Marketing Costs**
- Advertising agency
- Directory advertising
- Publicity
- Business eg. film flyers, what’s on flyers
- Design costs
- Banners for building
- Special promotions
- Film launches
- Tourism brochure & distribution, advertising in tourist publications
- Education eg. newsletter & mailouts, teacher preview events
  (accounts for approx. 20-25% of costs)

**Cost of Sales**
- Print costs
- Licence fees
- Film Royalties
- Food & beverage
  (accounts for approx. 30-35% of costs)

**COSTS**
(Expenditure)

**THEATRE BUDGET**

**Revenue**

**Expenditure**
Prior to the release of each new film

**FILM COSTS ANALYSIS: Traditional IMAX films (45 mins duration)**

The following simple analysis compares the costs associated with releasing and screening a new film against the estimated total number of admissions for that film.

This analysis takes into account costs associated with purchasing the print, marketing the film, running the theatre, paying staff and the royalty fee. The total figure represents that portion of the average ticket price which is consumed by costs.

**Film Cost Example**

The following breakdown is an example of film costs associated with each new film.

<table>
<thead>
<tr>
<th>ESTIMATES</th>
</tr>
</thead>
<tbody>
<tr>
<td>$2.40</td>
</tr>
<tr>
<td>$1.00</td>
</tr>
<tr>
<td>$1.50</td>
</tr>
<tr>
<td>$2.70</td>
</tr>
<tr>
<td>$0.40</td>
</tr>
</tbody>
</table>

$8.00

(All amounts are in Australian dollars)

**Average Ticket Price**

The Average Ticket Price (ATP) is simply the average of all admissions to the theatre over a period of time. The ATP is a simple calculation as follows and usually sits at about $12.00 (taking into account highest ticket price of $18.00 for a 45 minute 3D film and lowest ticket price of $8.00 for school joint packages):

\[
\text{Total Box Office (revenue from ticket sales)} = \frac{\text{Average Ticket Price (ATP)}}{\text{Admissions (number of tickets sold)}}
\]

The ATP for potential new films is estimated in advance, based on the track record of other similar films and importantly, how well the film has performed overseas.

Film costs are compared against the average ticket price (ATP) for each new film to determine potential profitability. The information that this financial analysis provides, forms the basis of negotiations with film distributors on film royalties and terms of exhibition.

**Royalty Fees**

One of the main elements of change within this financial framework, is the royalty fee paid to film distributors. This either charged as a flat royalty fee per ticket or a percentage of the gross box office (total revenue).

This fee can range anywhere between 18–25%, and sometimes also features a sliding scale, which reduces the amount of royalty to be paid over time.

Note: Feature films have a completely different financial structure, with the key difference being much larger royalties paid to distributors, yet offset by no print or marketing costs (these are covered by the distributor).
On-going analysis and evaluation of results takes place on a weekly basis, providing managers with important feedback. Weekly Management meetings are held to review attendance patterns against budget, with a view to closely monitoring how the theatre is tracking against its set financial objectives.

These weekly meetings analyse attendance patterns for the ‘cinema’ week, Thursday to Wednesday (and in particular, the 4 days from Thursday to Sunday).

The following example illustrates the type of financial comparisons made on a week to week basis. This is carried out for each individual theatre for every day of the year.

Example

<table>
<thead>
<tr>
<th>Date</th>
<th>Admissions Sydney</th>
<th>Admissions Budget</th>
<th>Admissions Last Year</th>
<th>4 Days (Thurs-Sun)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Thursday</td>
<td>3023</td>
<td>3000</td>
<td>2951</td>
<td></td>
</tr>
<tr>
<td>Friday</td>
<td>3608</td>
<td>3000</td>
<td>2970</td>
<td></td>
</tr>
<tr>
<td>Saturday</td>
<td>3895</td>
<td>3000</td>
<td>3117</td>
<td></td>
</tr>
<tr>
<td>Sunday</td>
<td>4071</td>
<td>3000</td>
<td>1701</td>
<td>14597</td>
</tr>
<tr>
<td>Monday</td>
<td>1983</td>
<td>3000</td>
<td>2065</td>
<td></td>
</tr>
<tr>
<td>Tuesday</td>
<td>3810</td>
<td>3000</td>
<td>2250</td>
<td></td>
</tr>
<tr>
<td>Wednesday</td>
<td>3261</td>
<td>3000</td>
<td>2363</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>23651</strong></td>
<td><strong>21000</strong></td>
<td><strong>17417</strong></td>
<td></td>
</tr>
</tbody>
</table>

FEED FORWARD

In tandem with the review of past attendance, analysis of future attendance (eg. advance bookings for schools and attendance projections for new films) is a fundamental part of the financial planning process.

These ‘feed forward’ controls enable changes to be made quickly if indicators show that a film is not performing to expectation or performing above expectations.

Because of the tight margins and the numerous external factors which can impact on theatre profits, constant feedback and feed forward controls are an integral part of the theatre’s financial planning.
CASE STUDY: Candy Bar

The Candy Bar is an extremely important part of the IMAX business, contributing about 15% to the overall revenue of the Theatre annually.

Various Combos are created to encourage sales for more than one product. See details below:

Selected Candy Bar Price List:

<table>
<thead>
<tr>
<th>Description</th>
<th>Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Popcorn &amp; Softdrink Combo Large</td>
<td>$10.00</td>
</tr>
<tr>
<td>Popcorn - Lge</td>
<td>$7.00</td>
</tr>
<tr>
<td>Coke – Lge</td>
<td>$4.00</td>
</tr>
<tr>
<td>Choc Top</td>
<td>$3.00</td>
</tr>
<tr>
<td>Chocolate Billabong – School Special</td>
<td>$1.00</td>
</tr>
<tr>
<td>Mt Franklin Water</td>
<td>$3.50</td>
</tr>
</tbody>
</table>

The Candy Bar Sales are tracked daily and by session, recorded in the table below:

<table>
<thead>
<tr>
<th>Time</th>
<th>Film</th>
<th>Film Adms</th>
<th>Total Adms</th>
<th>Candy Bar Sales (cumulative)</th>
<th>Session (individual sales)</th>
<th>Session SPPA</th>
<th>Total SPPA</th>
</tr>
</thead>
<tbody>
<tr>
<td>10:00</td>
<td>Nile</td>
<td>24</td>
<td>24</td>
<td>$48.60</td>
<td>$48.60</td>
<td>$2.03</td>
<td>$2.03</td>
</tr>
<tr>
<td>11:00</td>
<td>Safari</td>
<td>38</td>
<td>62</td>
<td>$129.50</td>
<td>$80.90</td>
<td>$2.13</td>
<td>$2.09</td>
</tr>
<tr>
<td>12:00</td>
<td>Lions</td>
<td>122</td>
<td>184</td>
<td>$333.30</td>
<td>$203.80</td>
<td>$1.67</td>
<td>$1.81</td>
</tr>
<tr>
<td>13:00</td>
<td>Deep Sea</td>
<td>189</td>
<td>373</td>
<td>$634.00</td>
<td>$300.70</td>
<td>$1.59</td>
<td>$1.70</td>
</tr>
<tr>
<td>14:00</td>
<td>Lions</td>
<td>162</td>
<td>535</td>
<td>$1,032.00</td>
<td>$398.00</td>
<td>$2.46</td>
<td>$1.93</td>
</tr>
<tr>
<td>15:00</td>
<td>Deep Sea</td>
<td>221</td>
<td>756</td>
<td>$1,444.50</td>
<td>$412.50</td>
<td>$1.87</td>
<td>$1.91</td>
</tr>
<tr>
<td>16:00</td>
<td>Lions</td>
<td>157</td>
<td>913</td>
<td>$1,768.70</td>
<td>$324.20</td>
<td>$2.06</td>
<td>$1.94</td>
</tr>
<tr>
<td>17:00</td>
<td>Deep Sea</td>
<td>136</td>
<td>1049</td>
<td>$1,957.10</td>
<td>$188.40</td>
<td>$1.39</td>
<td>$1.87</td>
</tr>
<tr>
<td>18:00</td>
<td>Lions</td>
<td>62</td>
<td>1111</td>
<td>$2,096.30</td>
<td>$139.00</td>
<td>$2.24</td>
<td>$1.89</td>
</tr>
<tr>
<td>19:00</td>
<td>Deep Sea</td>
<td>65</td>
<td>1176</td>
<td>$2,161.30</td>
<td>$65.20</td>
<td>$1.00</td>
<td>$1.84</td>
</tr>
<tr>
<td>20:00</td>
<td>Lions</td>
<td>41</td>
<td>1217</td>
<td>$2,258.80</td>
<td>$97.50</td>
<td>$2.38</td>
<td>$1.86</td>
</tr>
<tr>
<td>21:00</td>
<td>Deep Sea</td>
<td>108</td>
<td>1325</td>
<td>$2,304.80</td>
<td>$46.00</td>
<td>$0.43</td>
<td>$1.74</td>
</tr>
<tr>
<td>22:00</td>
<td>Haunted</td>
<td>33</td>
<td>1358</td>
<td>$2,397.30</td>
<td>$92.50</td>
<td>$2.80</td>
<td>$1.77</td>
</tr>
<tr>
<td>23:00</td>
<td></td>
<td>1358</td>
<td>0</td>
<td></td>
<td></td>
<td>$0.00</td>
<td></td>
</tr>
<tr>
<td>Total:</td>
<td></td>
<td>1358</td>
<td></td>
<td>$2,397.30</td>
<td></td>
<td>$1.77</td>
<td></td>
</tr>
</tbody>
</table>

The key measure of the success of the Candy Bar is the SPPA, known as:

Sales Per Paid Admission (SPPA), which is a simply all candy bar revenue divided by the total number of admissions.

The goal, or key performance indicator, is set at $2.00 SPPA per person.

With schools, this figure is less (as large school groups may not purchase anything at all) and on weekends the figure may actually be higher.
CASE STUDY: Opening Weeks Film Trading

The following chart illustrates one of the key methods used at the Theatre to track attendance patterns and monitor performance of films.

This report shows the fluctuations in attendance on a weekly basis, from launch in Week #1 at 3309 admissions, to a peak in attendance in Week #7 at 9229 admissions, which coincides with the winter school holidays. This confirms the Theatre’s experience of long film seasons compared to mainstream cinema and the absence of the “blockbuster” opening weekend effect that so characterizes mainstream releases. IMAX films generally take 4–6 weeks to reach their peak in attendance, yet have a very long life cycle (at least 12 months usually).

The following sample data is for illustrative purposes only and relates to no specific film. The trends highlighted by the data however can be applied across many of the titles released at the Theatre.

<table>
<thead>
<tr>
<th>Week No</th>
<th>Admits</th>
<th>GBO</th>
<th>Royalty</th>
<th>Margin</th>
<th>ATP</th>
<th>Capacity</th>
<th>Sessions</th>
<th>All seats</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>25/05/2006</td>
<td>3309</td>
<td>$41,119.00</td>
<td>25.0%</td>
<td>$30,839.25</td>
<td>$12.43</td>
<td>21.21%</td>
<td>30</td>
</tr>
<tr>
<td>2</td>
<td>1/06/2006</td>
<td>2903</td>
<td>$40,914.00</td>
<td>25.0%</td>
<td>$30,685.50</td>
<td>$14.09</td>
<td>21.47%</td>
<td>26</td>
</tr>
<tr>
<td>3</td>
<td>8/06/2006</td>
<td>4433</td>
<td>$62,572.20</td>
<td>25.0%</td>
<td>$46,929.15</td>
<td>$14.12</td>
<td>25.07%</td>
<td>34</td>
</tr>
<tr>
<td>4</td>
<td>15/06/2006</td>
<td>2965</td>
<td>$39,968.40</td>
<td>25.0%</td>
<td>$29,976.30</td>
<td>$13.48</td>
<td>16.29%</td>
<td>35</td>
</tr>
<tr>
<td>5</td>
<td>22/06/2006</td>
<td>3831</td>
<td>$48,917.40</td>
<td>25.0%</td>
<td>$36,688.05</td>
<td>$12.77</td>
<td>21.67%</td>
<td>34</td>
</tr>
<tr>
<td>6</td>
<td>29/06/2006</td>
<td>6630</td>
<td>$86,195.00</td>
<td>25.0%</td>
<td>$64,646.25</td>
<td>$13.00</td>
<td>37.50%</td>
<td>34</td>
</tr>
<tr>
<td>7</td>
<td>6/07/2006</td>
<td>9229</td>
<td>$120,076.45</td>
<td>25.0%</td>
<td>$90,057.34</td>
<td>$13.01</td>
<td>43.29%</td>
<td>41</td>
</tr>
<tr>
<td>8</td>
<td>13/07/2006</td>
<td>7523</td>
<td>$100,639.00</td>
<td>25.0%</td>
<td>$75,479.25</td>
<td>$13.38</td>
<td>37.10%</td>
<td>39</td>
</tr>
<tr>
<td>9</td>
<td>20/07/2006</td>
<td>4277</td>
<td>$61,356.00</td>
<td>25.0%</td>
<td>$45,816.00</td>
<td>$9.50</td>
<td>34.33%</td>
<td>36</td>
</tr>
<tr>
<td>10</td>
<td>27/07/2006</td>
<td>3708</td>
<td>$52,799.90</td>
<td>25.0%</td>
<td>$39,599.93</td>
<td>$9.20</td>
<td>31.55%</td>
<td>35</td>
</tr>
<tr>
<td>11</td>
<td>3/08/2006</td>
<td>6427</td>
<td>$61,088.00</td>
<td>25.0%</td>
<td>$45,816.00</td>
<td>$9.50</td>
<td>34.33%</td>
<td>36</td>
</tr>
<tr>
<td>12</td>
<td>10/08/2006</td>
<td>5742</td>
<td>$52,806.00</td>
<td>25.0%</td>
<td>$39,604.50</td>
<td>$9.20</td>
<td>31.55%</td>
<td>35</td>
</tr>
<tr>
<td>13 weeks +</td>
<td>60977</td>
<td>$768,451.35</td>
<td>25.0%</td>
<td>$576,338.51</td>
<td>$12.60</td>
<td>28.32%</td>
<td>414</td>
<td>215280</td>
</tr>
<tr>
<td>Season to date</td>
<td>98401</td>
<td>$1,328,289.00</td>
<td>25.0%</td>
<td>$996,216.75</td>
<td>$13.50</td>
<td>$1,382,555.26</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Print cost 1.91%  $40,000.00
Marketing 7.15% $150,000.00 estimate

Queens Birthday Weekend
Winter school holidays
Daily Telegraph Free ticket period

![SAMPLE FILM Opening Weeks Trading](chart.png)
An analysis of ticket price distribution confirms that adult cinema goers are the major visitor group (40% of attendance), with families representing 15% and schools 20% of all ticket sales.

### Annual Ticket Price Distribution

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adult tickets</td>
<td>40%</td>
</tr>
<tr>
<td>Child Tickets</td>
<td>5%</td>
</tr>
<tr>
<td>Family Tickets</td>
<td>15%</td>
</tr>
<tr>
<td>Schools</td>
<td>20%</td>
</tr>
<tr>
<td>Sub total</td>
<td>80%</td>
</tr>
</tbody>
</table>

The remaining 20% is a mix of all other tickets eg. seniors, student concessions, tour groups and other group tickets.

About 3% of all tickets are complimentary (about 15,000 tickets per year, given away as part of promotional campaigns and film publicity).
8. MARKETING

THE IMAX BRAND

In today’s highly challenging global environment a strong corporate brand is essential. High consumer recognition is a major measuring tool in determining a brand’s strength in the marketplace. Having now been established in the Australian marketplace for over 10 years, IMAX® is considered a well-known brand, clearly differentiated from conventional cinema.

IMAX®, the international brand

While not owned by IMAX Corporation, World’s Biggest Screens Pty Ltd is officially licensed to use the IMAX® logo in all our corporate branding.

The IMAX® brand is one of the most powerful and respected brands in the entertainment industry. The IMAX trademark is a very valuable asset. Our logo symbolizes our brand and our promise to provide ‘entertainment that illuminates’.

MAX® Corporation Trademark and Logo Usage Guidelines

Local branding

Local level branding incorporates the international logo, with the addition of a local sponsor in the form of electronics company LG. (Panasonic sponsored the Theatre in the first three years of operation, when it was then known as the Panasonic IMAX Theatre Sydney.)

The checkerboard design featured on the exterior of the building has also come to signify the Sydney Theatre and is sometimes used alongside the traditional logo to reinforce branding.

The checkerboard motif used in the design of the building has been carried through as a motif in general company branding. It has been featured on flyers, brochures and other advertising material.

Positioning of the Brand

Market research carried out by World’s Biggest Screens Pty Ltd has helped to define the IMAX brand in the competitive film market and understand the key drivers (and barriers) to attendance. The lessons drawn from the research indicate that IMAX can sustain a positioning as a premium cinema destination not simply because it offers a better experience than other cinema destinations, but because it offers a very different cinema experience. IMAX is perceived as being at the cutting edge of new cinema, potentially offering new experiences in film. The IMAX Experience gives visitors the sense of real exhilaration – a real ‘buzz’. It is also about the strong sense of realism of the film style which allows visitors the feeling of destination exploration; the feeling of ‘being there’.
MARKET OVERVIEW

In Australia, the LG IMAX Theatre operates in 3 distinct market segments:
• Australian Cinema (filmed entertainment)
• Tourism
• Education

1. The Australian Cinema Experience

The 1990s witnessed growth in all areas of the cinema exhibition business with a clearly defined trend in consumer behaviour from the city to the suburb, where a trip to the cinema became no longer a ‘big night out’ but very much a part of consumers' regular entertainment pattern. During this decade, the Australian cinema exhibition business experienced a period of growth both in the number of new screens and in seating capacity:
• Growth from: 851 screens with 295,000 seats to 1748 screens with 446,000 seats

Gross box office revenue and attendance also increased:
• Growth from 46.9 million admissions generating $325 million to 88 million admissions generating $704 million

This period also saw two significant shifts in the dynamics of cinema exhibition:
• The growth of multiplex theatres, and
• A significant shift of screens from city centres to suburban locations.

In 2000 however, this trend of continuous growth in admissions and revenue came to an end.

The industry experienced a:
• 7.8% decrease in admissions from the previous year
• 2.1% decrease in gross box office.
• Decline in the actual number of theatres (even though the number of screens increased by 69, due to growth of multiplexes).

Factors including the introduction of GST and the Olympics have been cited as the cause for the decrease in attendance.

Despite the decline in 2000, the out-of-home entertainment market continues to represent a robust segment of the economy with 70% of the Australian population indicating they regularly participate in a cinema visit. In value terms, only gambling is bigger.

For more detailed information on current trends in the Australian Cinema Industry, refer to: www.afc.gov.au/gtp/

2. Tourism

International

International tourists accounts for approx. 20% of all visitors to the IMAX Theatre Sydney. With its location in the tourist precinct of Darling Harbour, the Theatre is situated perfectly to capture the attendance of at least a small portion of international visitors.

• Over 50% of all international tourists visit Sydney.
• Sydney's Darling Harbour is ranked as the third most popular destination by international visitors.

Darling Harbour is a vibrant destination for tourists and school groups alike. Located with easy access to transport and with a wide variety of other venues and activities available nearby, the precinct offers groups the scope to create themed full day excursions – all within easy walking distance.
The trend in tourism is toward FIT visitors (free independent travellers) rather than structured groups. The structured group market, where travel is pre-arranged, has continued to decline. Even traditional structured group markets like Japan have seen a shift to FIT travel by the younger generation of traveller. As a consequence, the number of tourists likely to visit the IMAX Theatre as a result of participating in a structured package are limited.

The key opportunity to win this business is to reach the FIT traveller at key information stages – prior to departure and then once they are on the ground.

Domestic tourism
The variable nature of the value of the Australian dollar results in fluctuations in domestic tourist patterns. When the dollar is strong, overseas travel is more affordable; when the dollar is weak, domestic travel may appear more attractive. And the impact of global events cannot be understated. Terrorism and SARS impacted on the number of overseas holidays made by Australians.

3. Education
School visitors account for approx. 20% of all attendance at the Sydney Theatre. Since the range of film titles is well suited to school excursions, with strong links to curriculum and support in the form of teacher resources, the education market is regarded as an important revenue source for mid-week sessions during out-of-school holiday periods.

One third of all school group visits are as part of Joint Excursion Packages, visiting other educational venues or attractions in Darling Harbour. Another third of school visits are for Single IMAX films, while the remaining third are Double Film Deals, where schools see 2 films in one day for a discounted price.

School visits are concentrated within the 10am-2pm timeframe, Monday to Friday during school term. In fact, if it weren’t for schools, and the attendances they bring, the theatre may not open its doors until about 12pm each day mid week.

Schools are also important in what is termed “generational marketing” where IMAX is experienced from a young age, and hopefully continuing to occupy an important place in the educational/leisure activities as an adult.

In NSW, there are about 1.2 million students and IMAX attracts around 10% of these students every year as part of pre-booked school excursions (120,000+ students per year).
TARGET MARKETS

Who are our target markets?

Sydneysiders 60%
The major visitor group to the LG IMAX Theatre in Darling Harbour is local Sydneysiders – regular cinema goers, family groups, adult couples etc.

Schools 20%
- NSW
- Some from ACT & Qld
- A mix of primary and secondary schools from all school systems

Tourists 20%
- International 10%
- Domestic 10%

Our research has confirmed that our Primary market is made up of cinemagoers. These are people who regularly attend cinemas and are identified as the people most likely to visit an IMAX Theatre. As such, the core cinema-going markets include:

- families with children under 15 who love the thrill of the physical realism of the films and the exploration of unknown territory
- single adults 25-34 who enjoy the new cinema experience

The 16–24 market, traditionally a strong cinema audience generally, shows the greatest possibility for potential growth as visitors to IMAX theatres.

Secondary markets include tourists, schools and other groups (seniors, corporate, youth groups etc).

While IMAX audiences are more likely to be from upper socio-economic groups the volume of our business will still come from the conventional cinemagoer.

These consumers fall into the four following psychographics:

Socially Aware... Socially Issue Oriented Politics & Community active Arts & Culture, top jobs Wealth Managers

Visible Achievement... Success & Career driven Recognition & Status Seekers Good Family Living Wealth Creators

Young Optimism... Young and progressive Experimental Lifestyle Seek new and different things Trend Setters

Something Better... Upwardly Mobile couples Career & Lifestyle driven Financially Stressed (special occasion)
<table>
<thead>
<tr>
<th>Strengths</th>
<th>Opportunities</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Unique, innovative product</td>
<td>• Packaging with other attractions/ restaurants eg. for schools and tourism target markets</td>
</tr>
<tr>
<td>• Location: proximity to Sydney CBD and tourist precinct of Darling Harbour</td>
<td>• Candy Bar</td>
</tr>
<tr>
<td>• Visibility &amp; unique appearance of the Sydney building itself</td>
<td>• Expansion of Darling Harbour as a destination for tourists and Sydneysiders generally</td>
</tr>
<tr>
<td>• Constantly changing program of films</td>
<td>• Darling Harbour shows, events, promotions &amp; festivals etc</td>
</tr>
<tr>
<td>• Educational links: attractive to schools; library of films titles</td>
<td>• New films &amp; styles of films in production</td>
</tr>
<tr>
<td>accessible to schools, gives greater choice for teachers</td>
<td>• Increasing consumer interest in 3D film product</td>
</tr>
<tr>
<td>• Worldwide IMAX brand awareness</td>
<td></td>
</tr>
<tr>
<td>• International support from IMAX Corp</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Weaknesses</th>
<th>Threats</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Documentary style: increasing demands for dramatic films, particularly</td>
<td>• Primary threat: Conventional cinemas</td>
</tr>
<tr>
<td>after 6pm</td>
<td>• Home viewing: Pay TV, Video, free to air TV</td>
</tr>
<tr>
<td>• Lack of Australian film content: not ideal for tourism &amp; school target</td>
<td>• Other Darling Harbour Attractions: Sydney Aquarium</td>
</tr>
<tr>
<td>markets</td>
<td>• Other Sydney Attractions: harbour cruises, shopping, The Rocks area, Opera House tours, Taronga Park Zoo, Sydney Tower, bus tours, museums &amp; art galleries</td>
</tr>
<tr>
<td>• ‘Perishability’ of product: an unused seat cannot be resold once the</td>
<td></td>
</tr>
<tr>
<td>film has commenced (an opportunity cost that is part of the business)</td>
<td></td>
</tr>
</tbody>
</table>
# The Marketing Mix

## Elements of the Mix: Product Price, Place, Promotion ... People

<table>
<thead>
<tr>
<th><strong>Product</strong></th>
<th><strong>Price</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Unique, innovative film experience</td>
<td>• Price variance for traditional IMAX films (45mins) and Feature Films (60mins+)</td>
</tr>
<tr>
<td>• Large format films (15/70mm) in both 2D &amp; 3D</td>
<td>or example:</td>
</tr>
<tr>
<td>• New technology: Advances in technology (ie. digital enhancements) have resulted in a wider range of product available</td>
<td>- Single Adult (45 min film) $18.00</td>
</tr>
<tr>
<td>• New product: feature films converted to the large screen format using digital technology eg. Spiderman/ Harry Potter available in the IMAX format</td>
<td>- Single Adult (feature film) $22.50</td>
</tr>
<tr>
<td>• Highest quality film experience</td>
<td>• Discounted rates for schools &amp; inbound tourism groups</td>
</tr>
<tr>
<td>• Fun and educational</td>
<td>Note: Price has been proven NOT to be a major factor in market research results. People are prepared to pay a premium price for a premium cinema experience, but quality of film product must be high.</td>
</tr>
<tr>
<td>• Leading edge, state-of-the-art technology</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Place (Distribution)</strong></th>
<th><strong>Promotion</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Sydney, Darling Harbour</td>
<td>• Advertising: TV, press, outdoor (billboards, bus shelters etc)</td>
</tr>
<tr>
<td>• One of the top tourist destinations in Australia, located on the Cockle Bay waterfront.</td>
<td>• Direct Mail: schools, inbound tour groups &amp; other groups</td>
</tr>
<tr>
<td>• Close to transport (Town Hall &amp; Monorail) and the city CBD activities.</td>
<td>• Flyers: distributed via direct mail &amp; box office</td>
</tr>
<tr>
<td></td>
<td>• Public Relations: film openings, special events, word of mouth previews</td>
</tr>
<tr>
<td></td>
<td>• Website/ email: session times; up-coming films; eNewsletters; Online booking facility</td>
</tr>
</tbody>
</table>

**People:**

The role of highly skilled, dedicated staff cannot be overlooked. They are our visitors’ first contact with the IMAX experience. At each theatre, staff bring a diverse range of skills: operations management, communications, education & tourism, accounting, customer service, marketing and administration.
PRODUCT LIFECYCLE

During the launch of a theatre, the marketing mix is traditionally focused on establishing the IMAX experience generally, including the IMAX brand. During on-going theatre operations, the marketing mix will be increasingly film-based.

The lifecycle graph below reflects the pattern of growth for the IMAX Theatre Sydney. The graph indicates a rapid increase in attendance & brand awareness with the opening of the theatre, followed by a steady increase in attendance, spurred along by the launch of 3D, the release of new films and promotion of new marketing initiatives.

**IMAX Theatre Sydney – Lifecycle to date**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Attendance</td>
<td>650 000/ year</td>
<td>2. Peak of 850 000/ year in attendance</td>
<td>4. In 2002 the theatre experienced continued growth in attendance, spurred by a better quality film product and more frequent releases.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Key Success Factors**

The key elements that influence the success of theatre business are:
- Size of the population
- Film product
- Sound management practices

The following graph illustrates the fluctuating pattern of annual theatre attendance since opening in September 1996 to the present:

**Total Theatre Attendance 1996-2006**

![Graph showing total theatre attendance from 1996 to 2006.](image-url)
Once films have run their course in Sydney, they become part of the Film Library, used for specialist school and group screenings. The cycle then starts over again.
## Case Study: IMAX Films

### Key Stages in Film Lifecycles

<table>
<thead>
<tr>
<th>FILM</th>
<th>LIFECYCLE IN SYDNEY</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SHACKLETON’S ANTARCTIC ADVENTURE</strong></td>
<td>Launched in October 2001, Shackleton’s Antarctic Adventure received the highest praise from media and has been hailed as a resounding success. Schools Success: Over 90,000 school students have seen this film since 2001, making it the most popular educational title of all time. Strong links with primary school curriculum, including studies of Antarctica, will make this film a regular favourite year after year. Also popular with corporate groups, as part of team building &amp; leadership training sessions.</td>
</tr>
<tr>
<td>248,914 admissions</td>
<td>No. 5 film in Sydney</td>
</tr>
<tr>
<td><strong>EVEREST</strong></td>
<td>Launched in Feb 1998 in Sydney, Everest screened for well over 2 years. While it was one of the Theatre's top grossing films, it is now no longer part of the regular lineup of films, having exhausted its life in Sydney. Everest enjoyed a mildly successful return season in 2003, screened as part of a special speaker event series with mountaineer Peter Hillary, son of Sir Edmund Hillary.</td>
</tr>
<tr>
<td>291,462 admissions</td>
<td>No. 2 film in Sydney</td>
</tr>
<tr>
<td><strong>ANTARCTICA</strong></td>
<td>Launched in Sydney in 1996 when the Theatre first opened. Screened for over one year and then gradually phased out of the timetable. It was not screened for a couple of years, but then was re-launched to the schools market in 2001 with great success. Continues screening very successfully to schools at limited times of the day. Antarctica has become a strong feature of the school film timetable, working well as a joint package partner with Shackleton’s Antarctic Adventure.</td>
</tr>
<tr>
<td>261,348 admissions</td>
<td>No. 4 film in Sydney</td>
</tr>
<tr>
<td><strong>CIRQUE DU SOLEIL 3D</strong></td>
<td>Launched in 1999, Cirque du Soleil 3D no longer features on the film program, but has the current standing as the most successful film of all time screened at the Sydney theatre. It screened continually for over 3 years before becoming part of the Film Library.</td>
</tr>
<tr>
<td>301,208 admissions</td>
<td>No. 1 film in Sydney</td>
</tr>
<tr>
<td><strong>SPACE STATION 3D</strong></td>
<td>Launched with great fanfare in 2002, including a visit by a NASA astronaut and the filmmaker from IMAX Corporation. A huge premiere party was held and wide media coverage gained, including excellent film reviews. While Space Station 3D does not feature regularly as part of the general timetable any longer, it holds a strong and continued place in the school film library.</td>
</tr>
<tr>
<td>268,347 admissions</td>
<td>No. 3 film in Sydney</td>
</tr>
<tr>
<td><strong>DEEP SEA 3D</strong></td>
<td>(launched May 2006) Launched in May 2006, Deep Sea 3D has performed exceptionally well in Sydney, reaching 150,000 admissions in its first year, of which just over 23,000 were school students as part of organised excursions (about 15% of the film’s total attendance). Based on the high calibre of the film and its performance to date, Deep Sea 3D will have a long life at the Theatre for both public sessions and also schools and within the next 12 months, should take its place firmly within the top 10 films screened here in Sydney. During the film’s peak trading period in the Winter school holiday period (July 2006) more than 23,000 people saw the film. The trends in attendance for the film’s opening 12 weeks are highlighted below:</td>
</tr>
<tr>
<td>150,307 admissions</td>
<td>No. 17 film in Sydney</td>
</tr>
</tbody>
</table>

### DEEP SEA 3D: Opening Weeks Trading

![Deep Sea 3D: Opening Weeks Trading](chart.png)

Data current as at 31 Jan 2007.
IMAX THEATRE SYDNEY - MARKETING STRATEGY

Aims

1. To effectively communicate to target audiences that The IMAX Experience™ is a dynamic and fulfilling entertainment choice. To do this we will tap into the mood and mind of the conventional cinemagoer with communication that will focus on selling the IMAX experience through the launch of a range of new film titles per year in each theatre (usually 6-8 titles). To achieve this we will:
   - Find effective means to communicate with our target markets;
   - Create entertaining and distinctive communication that differentiates the IMAX experience from other entertainment choices;
   - Conduct public relations activities and events aimed at local residents that position the Theatre as a vital part of the cultural life of the city.

2. To create the desire to visit and re-visit the Theatre to enjoy the ever-changing program of films
To do this we will develop launch campaigns for each film that utilise the full marketing mix. These campaigns will sell the IMAX experience through the title and present consumers with a dynamic new reason to trial or revisit.

3. To maximise opportunities to increase revenue through food & beverage, group sales and promotions
To do this we will create marketing and sales tactics that will increase business levels during both peak and non-peak periods and seek business partners that allow us to leverage our marketing dollar for maximum return.

The philosophy underpinning this strategy is:

- **IMAX is different things to different people**
  - For general consumers, whether a film title is a 2D natural history documentary or a 3D visual showcase, IMAX is always entertainment.
  - For schools, the educational qualities of films work in tandem with the entertaining qualities to create unique, inspirational learning experiences.
  - For families, it's often a mix of the above.

- **We never lose sight of our difference**
  The IMAX Experience is unique. We do not compete with mainstream cinema on a title-by-title basis. If there is a choice, that choice is between a mainstream title or a unique IMAX Experience. We constantly remind our audience about that difference by selling the experience through each and every title we release. To that end we believe one large dominating image will always sell our product over and above a multiplicity of images or a montage.

Strategies

The key driver to attendance is film product and in general the fundamentals to successfully marketing these titles remain similar in all markets.

What this strategy strives to achieve in each market is:
To build attendance to the theatres that provides the highest profitable return on investment.

The marketing strategy will aim to achieve its objective in three key areas:
- The release of a minimum of 6-8 new films in each market
- A groups sales program with a key focus on niche visitor groups eg. schools, groups and functions/ events
- Value-based promotions to drive business in traditionally softer trading periods

The marketing strategy will be executed using the full range of the marketing mix including:
- Advertising
- Public Relations
- Internet/ Email
- Promotions
- Events
- Sales
- Point of Sale
A. New Film Releases

Films are released usually every 6–8 weeks in a staggered program timed to coincide, where possible, with key school holiday periods.

The release of a new film is the prime driver to attendance. Each new film release aims to sell the IMAX experience through the title, reminding all consumers of the key IMAX proposition (i.e. IMAX is a giant screen cinema experience) whilst presenting a ‘call to action’ to visit the theatre again, or to trial for the first time.

A specific marketing strategy will be devised for each title identifying the key target markets and the specific tactics to be used to reach them.

Criteria for Selection of Film Titles

The criteria for title selection is based on a number of factors:

- **Format: 2D or 3D?**
  - 3D films have now surpassed 2D films as the most popular. There is however, a limited supply of 3D films (they’re more expensive to make) to choose from.
- **Experience of similar titles**
  - An examination of the success of previous titles and the potential audience reaction to new titles.
- **Success of titles in other markets**
  - If a film has performed well overseas, it may do well in Australia also.
- **Title testing**
  - Testing the appeal of a film title with current IMAX audiences through surveys conducted on site.
- **Expand the market**
  - Titles that present an opportunity to draw a new market into the theatres and encourage trial.

B. Film Title Marketing

Film marketing takes the form of a combination of elements: advertising, publicity & promotions, word of mouth, website and e-communications.

1. **ADVERTISING**

To keep the film titles top of mind and to guarantee exposure in media IMAX uses paid advertising. In general these mass market campaigns play a pivotal role in penetrating this market and maintaining the profile of the IMAX brand in each market.

**DIRECTORY ADS**

Aside from the physical theatre itself directory advertising represents the most consistent visible presence of our business. Expenditure on this form of advertising takes up a significant percentage of marketing budgets and recently, the directory ads have been halved in size in order to re-direct advertising dollars to web based marketing as a cost-effective alternative.
FILM CAMPAIGNS

Marketing budgets by theatre do not contain sufficient funds to run both branding and product campaigns. It is imperative that we use the product campaigns to build the brand. This calls for well-conceived creative campaigns using the resources of professional advertising marketers.

With each new film release we strive to sell the IMAX experience through the title. The key attribute of the brand is size and the way that delivers the experience. Advertising seeks to maintain the theatre and new title as a top of mind entertainment choice. It also seeks to reinforce the key attributes of the IMAX brand. It is this key attribute that differentiates the new film title from other entertainment on the same subject be it dolphins or surfing.

A newspaper advertisement featured in The Sydney Morning Herald. This acts as an important driver to public awareness and complements the more functional directory ads (in the same newspaper) which simply list session times.

With the launch of Dinosaurs 3D, the Sydney Monorail was ‘wrapped’ to promote the film for a 2 month period. Other advertising activities include a newspaper campaign, outdoor billboard campaign, and a giant banner on the outside of the building.

As part of the film campaign for Sharks 3D, a fibreglass shark fin was constructed and branded with the title of the film and then towed around Sydney Harbour to attract the attention of people on the water or foreshore.
2. PUBLICITY & PROMOTIONS

The aim of the publicity campaigns is to generate positive word-of-mouth that will drive admissions to the film using 'free' media time and editorial.

This will be achieved primarily through:

- a media relations campaign targeted at the entertainment media
- word-of-mouth preview screenings/ film premiere
- events at the theatres designed to attract media attention (eg. appearance of celebrities related to the film, a film premiere or a ‘stunt’ such as mannequins ‘climbing ’ up and down the side of the building to promote the Caves film).

MEDIA RELATIONS/PUBLICITY

This is one of the core elements of the marketing strategy. Given our relatively small budgets the impact of good media coverage can substantially raise the profile of a new film release and have a tangible impact on box office results.

For each new film release the Theatre conducts a media relations campaign, utilising press kits supplied by distributors; holding media previews and making talent available for interviews.

The following article was the result of public relations:

![A glass underwater is always full](image)
EVENTS/GALA PREMIERE
Selected new film releases will feature a Gala Premiere event in the week of opening. This premiere will be a themed event creating a unique atmosphere within the theatre complex for VIP guests. These guests will be media, celebrities, high profile socialites, sponsors, government and local stakeholders.

The goal of each premiere is to:

- Create positive word of mouth about the IMAX theatre
- Create positive word of mouth about the new film release
- Generate publicity that positions the theatre as an active and attractive element in the city’s cultural life
- Generate publicity about the release of the new film

COMMUNITY SUPPORT
Each theatre will respond to requests from local charities and non-profit community organisations for assistance with fundraising and similar events by providing complimentary passes. A policy guiding the type of organisations to be supported and the level of passes to be given controls this process. The goal is to position the theatre as an active participant in the local community whilst simultaneously generating word of mouth for new film releases.

PROMOTIONS
Promotions work alongside publicity in maximising exposure for the film through strategic and tactical partnerships that reach large numbers of consumers.
3. WORD OF MOUTH

Consumer research carried out at all theatres since opening has indicated that word-of-mouth is the single most effective factor in driving admissions.

SNEAK PREVIEWS

Setting aside a number of screenings per theatre and issuing complimentary passes to key individuals who are seen as influential in the local market. These can be people whose job involves daily interaction with people – hairdressers, taxi drivers, gym instructors; members of societies and clubs with special interests such as museums, zoos, historical societies, and, stakeholders in local businesses in close proximity to the theatres.

INDUSTRY SCREENINGS

Providing screenings for teachers, tourism industry and local stakeholders.

4. WEBSITE & INTERNET

The key role of the World’s Biggest Screens is to provide easy to access information on films and session times. It has designed to be easily and quickly updated remotely by each theatre. It will continue to provide information on the experience, current and forthcoming titles and daily session times across all sites.

An expansion of the website in 2004 saw the introduction of online booking for all general customers. This has proven to be very popular, with over 400 bookings made in the first month of operation.

An eNewsletter has been established for general consumers, with information about titles currently screening, plus industry gossip about new films in production and incentives to visit, such as special offers on tickets and candy bar.

For more information visit: www.imax.com.au
Dear Mark,

We'd like you and a guest to join us for a special sneak preview of our next release Dinosaurs 3D: Giants of Patagonia.

We will be holding two sneak previews for subscribers (11 am on Saturday 2 June and 7 pm on Tuesday 5 June). Places are limited so if you would like tickets click on the link below to RSVP. There is no charge for the screening, all you need to do is RSVP via the link below and let us know which screening you would like to attend. If seats are still available we will confirm you have two seats and then all you need to do is turn up on the day.

Thanks for subscribing to the IMAX Club newsletter, we hope you're finding it a useful way to keep up with what's happening at the IMAX Theatre Sydney.

Best wishes
IMAX Theatre Sydney

CLICK HERE TO RSVP

UNSUBSCRIBE
You have received this e-mail because you requested to receive newsletters when you subscribed to the IMAX Club via the website. If you no longer wish to receive these newsletters please unsubscribe by clicking here.
C. Group Sales – Schools, Tourists, Corporate groups etc

Group sales represents an opportunity to drive business into both peak and non-peak periods, in particular to drive attendance by day. Education groups are the most visible aspect of this part of our business, adding significant incremental business in mid-week mornings outside of school holidays.

EDUCATION

The education market is a key one for all theatres. The marketing will target teachers in both Primary and Secondary schools markets. The key tool for reaching this market will be a campaign of direct mail supported with selected advertising in teacher/education journals and papers.

- **Direct Mail Campaign:** A quarterly newsletter is produced each term and mailed to teachers and other education professionals. (see right)

- **Advertising:** Advertising will be limited to a small number of excursion guides aimed at teachers in both the public and private sector.

- **Teacher previews:** screenings held for all new films to encourage the spread of word of mouth

Schools account for 20% of the IMAX Theatre business in Sydney, and feature an equal mix of primary and secondary schools from the Sydney metropolitan area and regional NSW & ACT.
TOURISM

Business is sought primarily from the independent traveller market with additional business from sales activity to the structured market. Key marketing activities include:

- Support of destinational marketing for Darling Harbour by participation in Sydney Harbour Foreshore Authority marketing activities.
- Brochure distribution through brochure racks in hotels, hostels and travel information centres.
- Participate in joint ticket initiatives with other operators.

A key feature of the structured tourist strategy is the introduction of a single low rate for all inbound tourists.

GROUPS

The broadest of all niche markets is the ‘groups’ sector, consisting of:

- corporate groups, looking for a venue for after-work socialising and team building activities
- conference delegates, looking for pre or post-conference tours/activities
- seniors groups, looking for fulfilling day excursions
- children’s groups such as vacation care groups and youth groups
- other general adult groups

The products these groups are interested in are as many and varied as the groups themselves:

- bulk tickets (corporate groups use these for staff incentives and loyalty programs use them for points redemptions)
- movie-meal-deal packages (corporate and other social groups use packages for group outings of a social nature)
- theatre hire & event facilities (corporate groups and event companies use the theatre auditorium and foyer/bar area for staging events, product launches and holding presentations, usually prior to a film screening)
- group tickets (a range of adult and child groups take advantage of the discounted tickets for all groups)

Marketing to these niche groups takes the form of:

- direct marketing
- advertising in key events publications and directories
- website & e-communications with a database of personal subscribers
- trade shows such as RSVP or the Australian Events Expo
- membership of various organisations such as: Sydney Unique Venues Association (SUVA)

Corporate functions & events are a part of the Group Sales area of business. Groups combine a film screening with food & drinks in the Mezzanine Bar overlooking the Cockle Bay waterfront.
D. Existing IMAX customers

Our market research indicates that 78% of those who have seen an IMAX film express the intent to return. Activities to encourage this process include:

- Using the interior of the theatre building to highlight new releases
- Screening of trailers at least 3 months prior to the feature release
- Interior light boxes featuring coming soon films eg. behind box office
- What’s On Brochures featuring ‘coming soon’ films
- Website featuring coming soon films

“COMING SOON” INTERIOR BANNERS:

Large full colour banners are hung from the ceiling on Level 2 to promote new and up coming films to existing IMAX Theatre customers.

These customers are committed IMAX visitors who are likely to make a repeat visit to see key new films.

These in-theatre banners aim to inform people about new films and in doing so, provide an incentive for them to return.

EYE CATCHING ‘STUNTS’:

Banners on the outside of the building also have potential to capture attention in other ways.

With the launch of the film Journey Into Amazing Caves, 2 manikins dressed as cavers were hung from operational winches at the top of the banner.

These ‘cavers’ abseiled up and down the building continuously as part of a ‘stunt’ to promote the film.

Seen clearly from the freeway and footway, the added movement on the banner will attract greater attention and encourage interest in the film.
EXTERIOR BUILDING BANNERS:

Large full colour banners are used on the outside of the building to promote new films.

These banners are a significant element of the marketing campaign for each new film.

Banners are also used to promote the restaurant within the building. The aim of this large external signage is to reach out to people in the area, both those already in Darling Harbour, but also those people driving to and from work each day.

In this case, a giant sized inflatable Spiderman ensures that the banners capture even more attention than before.

BANNERS ON THE FREEWAY PYLONS:

In addition to banners on the outside of the building and inside the theatre, large banners are also used on the freeway pylons in front of the building.

Emphasis is on promotion of individual films, and each design follows a similar format, using the IMAX logo, the checkerboard motif and one large single strong image from the film.

The marketing strategy for each film focuses on the use of one key image, rather than a montage of images from a particular film.

A single strong image is much more powerful than a series of smaller images.
E. Non-visitors

The key tactic to bring in non-visitors will continue to be the marketing campaigns for new film titles. However, in order to encourage non-visitors to ‘trial’ the film additional tactics will be employed:

WORD-OF-MOUTH SCREENINGS
Distribute free tickets to preview screenings of new films to potential visitors to drive trial.

VALUE BASED PROMOTIONS
Although pricing research has indicated that price is not a key barrier to attendance it has indicated that it can be a barrier to regular visitation to the 16-24 age group. There is a role for value based promotions in driving incremental business to the theatres, such as:

- Big Value Tuesday – This is one promotion that has worked in traditional cinema, has not proven to work in the IMAX industry.
- Family Ticket Prices – An important way to maintain value in the eyes of families.

F. Sponsorship

Alliances and partnerships with major sponsors will provide additional marketing resources. World’s Biggest Screens will seek media sponsors or cash sponsors for film releases in order to extend the value of the marketing budget.

Value in-kind will be sought from media sponsors and cash from other sponsors when they are unable to provide in kind promotional devices to consumers. World’s Biggest Screens will target a sponsor or sponsors to support all film releases in all theatres.

G. Market Research

Market research is a fundamental tool used on a continued basis to monitor patterns of visitation & customer satisfaction. A combination of focus groups and exit surveys have been carried out in the past year and will continue to feature as an important evaluation tool for the company.

Market research has played an important role in understand where the IMAX experience stands in the minds of Australian consumers. Research has been undertaken to assess a range of variables, from current consumers perceptions of IMAX to title testing on future releases.

The issue of ‘price' has been the subject of significant testing.

PRICE RESEARCH

The issue of admission pricing for the theatres revolves around two key issues:

- The value of the price given the short duration of the film experience relative to mainstream cinema; and
- The height of the price when compared with our key competitor.

To assess consumer sentiment towards the general price of admission, a market research study was carried out in October 2000.

The study's results showed that:

- The perceived ‘value’ in an IMAX experience was the film itself.
- Film duration was not an issue.
- IMAX is well liked by visitors who see the experience as a special occasion with the key driver to attendance being the film title, however the pricing was considered a barrier to more frequent visits.
- There was no indication that a significant drop in price would increase attendance from non-visitors.

Given the relatively small number of new releases each year, and therefore opportunities for current visitors to attend more regularly, there was no evidence that a significant price cut would boost revenue or profitability from these customers.
9. EMPLOYMENT RELATIONS

THE NATURE OF EMPLOYMENT

Employees of World’s Biggest Screens Pty Ltd fall into 2 major types:

- Permanent full-time employees, largely part of the theatre management team. Salaries and conditions of employment are negotiated for each individual position.

- Casual employees who work in the theatre in multi-skilled roles including Box Office, Candy Bar and floor. These casual employees are governed by the Entertainment and Broadcasting Industry “Cinema Award 1999” and are commonly called “Cinema Workers”.

Flexibility in rostering – It works both ways

Most Cinema Workers are students at either university or a smaller range of cases, school.

Staff are rostered from week to week according to their availability. Being mostly students, availabilities are often limited during university exam periods for example. This presents a challenge to Theatre management to ensure that all shifts are covered during times when staff availabilities are low.

Staff are rostered according to projected theatre attendance, so that a base level of staffing is maintained during slow trading periods (eg. February) and peak staffing at the busiest trading periods (eg. January school holidays).

Through careful projection of attendance figures, staffing levels can be anticipated to fluctuate throughout the year, according to the pattern of key trading periods. (Refer to sample roster.)

There are 3 standard rostering templates:

1. Standard Week
2. School Holidays
3. Expected “big” weekend – this would include dates that coincide with major ticket giveaways or other promotions where admissions are expected to be high.

Using one of the above templates, staffing is allocated according to the following factors:

1. Number of school students attending on any given day
2. Any functions/ special events booked
3. Weekend activities or events in Darling Harbour
4. Special events such as Seniors Week etc

Once all these variables are taken into consideration, the staff names are added to each shift according to their availability.

CINEMA AWARD

This Award officially came into force on 17 July, 1998. The Award was a result of an extensive consultative process between the company’s certified therein and the representative union (M.E.A.A.).

It is an industrial award which means that the parties involved are the company, union (on behalf of the employees) and the Industrial Court. A copy of the Award is kept in the staff room and is available for staff reference at any time.
Statement Of Duties - CW1 (Base)

JOB OBJECTIVE:

To perform duties associated with the operation of theatre.

A Cinema Worker Level 1 (CW1) is an employee who has completed necessary induction and training or is undertaking such training or who possesses equivalent experience or expertise required to perform work within the scope of this level.

Consistent with the employee’s training an employee at this level:

- Is responsible for the quality of work allocated to the employee, subject to routine supervision;
- Works under routine supervision either individually or in a team environment on a range of tasks;
- Exercises discretion within the employee’s level of skill and training; and
- Makes decisions in relation to routine matters within her or his area of work.

Indicative of the tasks which an employee at this level may perform are the following:

- subject to the award and these definitions, operates flexibly as required between work areas;
- basis keyboard duties;
- telephonist, receptionist, selling tickets, cashier and information services;
- provision of guest service;
- ushering;
- preparing for sale and selling food and drink, and other products;
- light incidental cleaning;
- assisting other workers in any of these tasks;
- training as a bio-box operator subject to routine supervision;
- cleaning, when specifically engaged as such.

TRAINING & EVALUATION PROGRAMS

World’s Biggest Screens Pty Ltd employs a systematic approach to training new cinema workers.

All new employees undertake a 3 hour orientation program, which includes a tour of the building and the facilities and a screening of a recent film. This usually happens in groups of approximately 5 new employees at a time.

Recruitment is an on-going process and takes place a number of times throughout the year according to fluctuations in the staffing levels.

A detailed training handbook is provided to all employees and contains all relevant information to carry out duties effectively.
Performance Management has been adopted as the method for monitoring and evaluating the performance of all staff. This system involves training of staff via a specific set of procedures, to ensure that standards are consistent across the entire staff.

This procedural approach is referred to as ‘Operations Systems Training’ and uses a ‘Section Observation Checklist’ to monitor staff progress and evaluate performance.

**7 STEPS TO PERFORMANCE MANAGEMENT**

1. **Hiring the right person**
   - interview
   - reference and employment checks
   - school checks
   - visa check – Australian Visa
   - age check

2. **O.S.T Training Program (Operations Systems Training)**
   - allotted and recorded training
   - immediate corrective action
   - goal setting

3. **S.O.C’s (Section Observation Checklist)**
   - (as per Operations Systems Training Program)
   - immediate Corrective Action
   - goal Setting

4. **Evaluations**
   - immediate corrective action
   - goal setting

5. **Observations**
   - follow up on S.O.C’s and goal setting
   - seek and give feedback on performance

Final Stage Performance Management:

6. **Counselling**
   - to correct behaviour problem
   - to clarify goals – if necessary
   - to inform employee of agenda if the performance issues are not remedied

7. **Formal Warning and Final Warning**

   7(a) to introduce letters of warning
   to clarify the ramifications of low performance in the identified areas

   7(b) **Termination**
   - discuss prior to termination with Chief Operating Officer
   - to dismiss the employee in a professional manner
   - if requested by employee, seek a separation certificate from payroll
   - to set a time for all payment of final wages owed
   - to receive all uniforms (including staff cards, badges etc)
Example of procedural approach to training

CANDY BAR: 7 STEPS OF SERVICE

Trainee to follow 7 steps of guest service:

1. Greet the Guest
   - Smile at the guest on arrival
   - “Good Morning / Hi, may I help you?”
   or appropriate friendly greeting

2. Take and Repeat the Order
   - Read back items as entered
   - Maintain eye contact with the guest
   - Speak in a loud clear voice

3. Suggestive Sell additional items / up-sell sizes
   - “Would that be a medium size coke?”
   - “Would you like some popcorn with your order?”

4. Subtotal order and states amount

5. Assemble items in correct order
   - Drinks, then candy and chips, popcorn and ice-creams

6. Present completed order and receive payment
   - Restates total to be paid
   - States amount tendered
   - Counts back correct change

7. Thank Guest and shows additional interest
   - “Thank you! Have a great evening!”
   - “Thank you! Hope you enjoy the show!”
POLICIES IN THE WORKPLACE

World’s Biggest Screens Pty Ltd holds supports all current policies on sexual harassment, Equal Employment Opportunity and Discrimination. Extracts from the policies are summarised below:

Sexual Harassment

It is policy to ensure compliance with all regulations and laws regarding discrimination as per guidelines issued by the relevant Board from time to time. It is the obligation and responsibility of all employees to ensure that the workplace is free from any form of sexual harassment.

Equal Employment Opportunity (EEO)

People are World’s Biggest Screens Pty Ltd’s most valued asset and we are committed to ensuring that all people receive fair and equal treatment with respect to their employment with the Company. In order to achieve this goal, we have commenced an Affirmative Action Program, the aim of which is to ensure that all employees are provided with equal opportunities in recruitment, promotion, transfer, training and conditions of service, regardless of sex, race, marital status or sexual preference. EEO means getting the best person for the job.

Discrimination

It is World’s Biggest Screens Pty Ltd’s policy to treat employees and applicants for employment fairly without regard to race, colour, sex, religion, impairment, ethnic origin, sexual preference or marital status. This policy applies to all employment practices including recruiting, hiring, pay rates, promotions and other terms and conditions of employment and terminations. World’s Biggest Screens Pty Ltd also prohibits any form of harassment, joking remarks or other abusive conduct directed at employees because of their race, colour, sex, religion, impairment, sexual preference or ethnic origin.

Affirmative Action

Affirmative Action is a means of achieving EEO. At World’s Biggest Screens Pty Ltd, that means we should seek employees on the basis of merit alone, with the objective of creating a truly representative work force at all levels of the Company. It also means that in our recruitment, selection, hiring, promotion and training programs, all people have an equal opportunity and are judged on merit alone.

Affirmative Action makes good business sense because it emphasises community involvement. An ongoing Affirmative Action policy is necessary to ensure forward momentum toward World’s Biggest Screens Pty Ltd’s goal of being an Equal Opportunity Employer.

SUPPLEMENTARY INFORMATION (see attachments)
“Cinema Award summary”
10. GLOBAL BUSINESS

While World’s Biggest Screens Pty Ltd does not operate a global business in the strict sense, although global events and activities significantly influence us. World’s Biggest Screens is not owned by IMAX Corporation, which is based in North America. Rather, it licenses the IMAX brand and pays a royalty fee to do this.

However, World’s Biggest Screens does deal closely with IMAX Corporation for:

- technical support and maintenance of IMAX projector
- marketing materials (posters, artwork for advertising, film-based marketing manuals)
- purchase of film prints (if produced by IMAX)
- payment of film royalties and license fees

LG IMAX Theatre Sydney – a leading player in the global scene

The performance of the Sydney Theatre has proven that we are a leading player in the large film industry on a world wide scale.

- Sydney IMAX is one of the top performing commercial large format theatres in the world, ranked in the top 10, out of a field of over 280 theatres worldwide.

The IMAX Theatre in Sydney has also received global recognition by the IMAX industry, having received a number of awards for excellence in marketing IMAX films in Australia.

IMAX Corporation

History

Now an out-of-home entertainment company, IMAX® Corporation (IMAX) was founded in 1967, following the phenomenal success of multi-screen films at EXPO ‘67 in Montreal, Canada.

Popular and critical acclaim for two outstanding multi-screen films convinced the producers of the films that a giant screen could be used for the creation of a totally new motion picture experience. They came together, formed a company and accepted an invitation to premiere the new system at the 1970 World’s Fair in Osaka.

The first IMAX motion picture system premiered at EXPO ‘70 and in 1971 the first permanent IMAX Theatre opened at Toronto’s Ontario Palace (a government-owned and operated recreation park). In 1973, the first IMAX Dome Theatre was opened at a San Diego museum.

IMAX 3D premiered at EXPO ‘86 and IMAX HD (a new high definition system) premiered at EXPO ‘92 in Seville, Spain.

Industry lifecycle

25 years ago, the company was in its infancy, working primarily from project to project. The sharp increase in the industry occurred in the mid to late 1990s, with a change of ownership and a strategy to create a critical mass, develop new films and establish a wider network of new theatres. It was at this point that commercial theatres were introduced to the industry.

Further development within the industry will be spurred by the production of new films and an increased network in which to screen the films. However, the production of new films is greatly influenced by the number of theatres available to screen them; and the development of more IMAX theatres is influenced by the number of available films to offer visitors. This “catch-22” situation has characterised much of the industry’s early days and will be a significant determinant of its future growth.
Today

The original IMAX growth strategy was to focus upon the institutional large screen theatre market and upon producing and distributing documentary style films. As a result, most of the existing IMAX Theatres are located at institutions such as museums and science centres.

In the last 10 years, IMAX has changed its focus with a view to the pursuit of commercial opportunities internationally. The result has been rapid growth in the number of agreements entered into with commercial operators and operators of non-institutional entertainment complexes.

The IMAX brand is recognised throughout the world for extraordinary and immersive family experiences.

Fast Facts

- There is currently a network of approx. 280 IMAX Theatre in 40 countries around the world, operating in cinema complexes, museums, science centres, aquariums and planetariums, as well as stand alone commercial theatres such as the IMAX Theatre in Sydney.

- About 60% of Theatres are located in North America, with the remaining being located in various international locations, including Australia, South America, Asia, UK and Europe.

- About 100 Theatres are equipped to show 3D films.

- About 50% of IMAX Theatres are located in museums and other similar cultural institutions. The remaining 50% are located in commercial cinema complexes or operate as stand alone commercial theatres like Sydney.

- To date, more than 800 million people have seen an IMAX film worldwide.

- IMAX Corporation is a publicly traded company listed on both the Toronto and NASDAQ stock exchanges.

- IMAX® is a registered trademark of IMAX Corporation.

(Information current as at May 2007. Check www.imax.com for updated information.)
11. REFERENCES & RESOURCES

Websites

LG IMAX Theatre Sydney
www.imax.com.au

IMAX Corporation
www.imax.com

Big Movie Zone
www.bmz.com

Darling Harbour
www.darlingharbour.com

Publications

The following publications and extracts are attached with the Big Screen Business Education Pack for teacher reference:

Board of Studies (1999) HSC Business Studies (Stage 6) syllabus


IMAX Corporation Annual Report 2000
