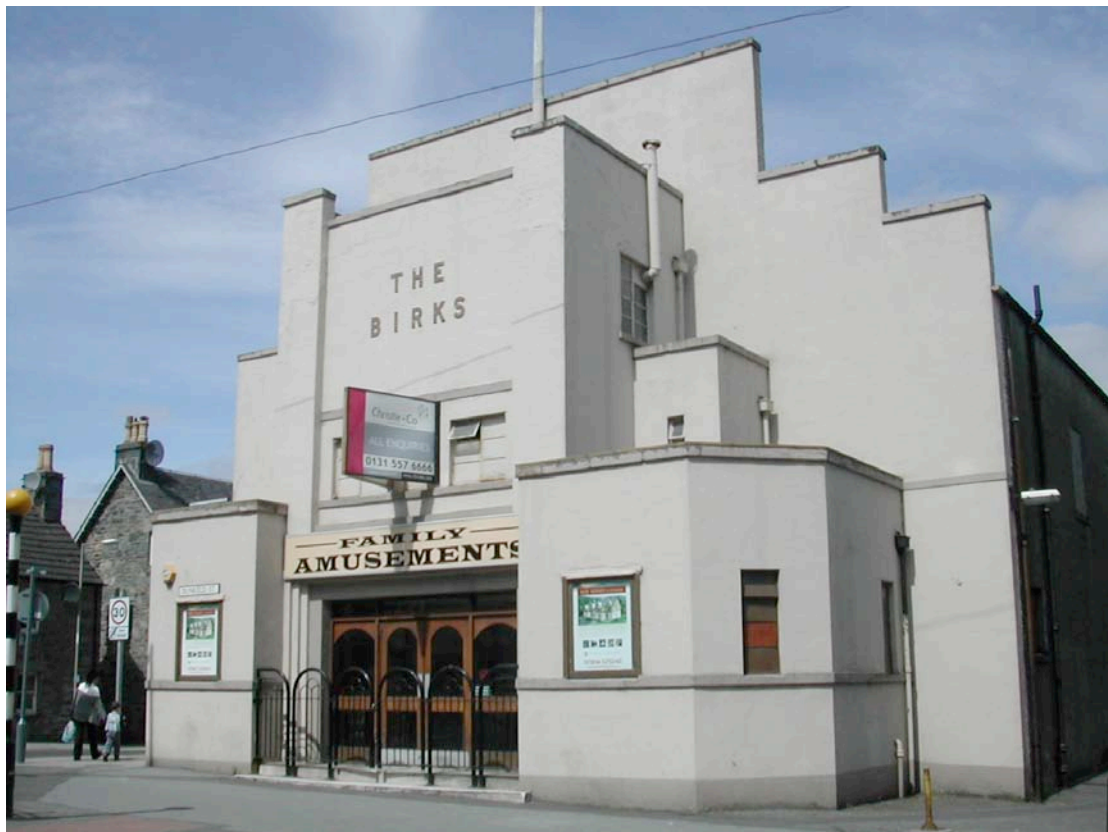


The Birks Cinema in Aberfeldy

Outline Business Plan



Ron Inglis
January 2010

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The views expressed in this report are those of the author. Unless specifically attributed, they do not represent the views of any persons or organisations who have been consulted in the course of the 2006 pre-feasibility study or the present business plan.

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1 Introduction

This business plan should be read in conjunction with the 2006 pre-feasibility report which contains additional relevant information.

1.1 The vision

Friends of the Birks Cinema (FBC) aim to acquire and redevelop the former Birks Cinema into an up-to-date facility which is operated as a public, community cinema equipped with the latest 3D digital cinema equipment and incorporating a two level contemporary café bar. Where appropriate, renewable energy technologies would be incorporated into the redeveloped building which is located in a prominent position in Aberfeldy town square,

The 'new Birks cinema' would be a central and vital addition to the social, cultural and economic life of Aberfeldy for both residents and visitors.

1.2 Background

The Birks Cinema is currently in private ownership and is being offered for sale. It is not listed and has been unused since 2004. FBC intend to complete the purchase of the building in December 2009 and to operate the redeveloped venue as a public cinema.

FBC intend to operate the redeveloped cinema as a non-profit distributing company, limited by guarantee and with charitable status. In practice it will be a social enterprise involving remunerated staff and volunteers. The company will be managed by a Board of Trustees drawn from the local community and, if appropriate, from the cinema sector in Scotland.

In the past 3–5 years a number of smaller, independent cinemas – mostly in rural or small town areas – have been developed and are operating successfully. In most instances these venues make use of the latest high definition digital cinema systems which combine leading edge quality with simplicity of venue operation. Together with astute programming and marketing these venues are proving to be viable businesses which make a significant contribution to the social and cultural life of local people. The redevelopment of The Birks Cinema will benefit from the experiences of these other cinemas. [See Appendix 1]

1.3 Objectives

The viability of the Birks cinema will be assessed, as a social enterprise, according to economic, community and environmental goals.

i) Cultural objectives

The cinema will provide an up-to-date and varied programme of films incorporating major new release 2D and 3D films, specialist films, and films appropriate for particular audience segments such as senior citizens, young audiences, families and people from special interest groups. The cinema will deliver this range of programme during its first year of operation.

Additionally, the cinema will programme short films, film festivals, and 'alternative content' such as live relays of operas, theatre, music concerts, sports and business events. These programme elements are anticipated to be delivered in the first year provided that sufficient funds are available to install the required equipment.

ii) Community objectives

Re-opening The Birks as a high quality contemporary venue will have a considerable beneficial effect on Aberfeldy town centre. The cinema is expected to become a key social focus for the town and surrounding area which will, in turn, benefit other businesses in the town centre¹. The cinema will complement facilities in the town such as the town hall, the Locus Centre, the new High School, and a number of hotels and visitor facilities.

The cinema may also be used for private hires and non-screening activities such as business meetings or community events.

The impact that the Birks has on the local community will be monitored and evaluated regularly, at least once a year and ideally every six-months. The core business of cinema screenings will be prioritised in the first year and, as the facilities become more widely known, the non-cinema uses will be expanded in subsequent years.

iii) Business objectives

FBC intend the new cinema to be a sustainable business which can benefit from public funding and private sponsorship but is not reliant on either. Additionally the company recognises that it is operating in an increasingly technological sector and therefore it will make provisions for regular upgrading and replacement of equipment.

Automated, computerised equipment will be extensively utilised in order to make the cinema as simple and efficient to operate as is practical. The core staff will be supplemented by part-time, casual and volunteer staff.

In overall terms, the company aims to break even in year 1 and to generate surpluses in subsequent years.

iv) Environmental objectives

The Birks cinema will be developed and operated as a low environmental impact venue. This will be achieved by creating a redeveloped cinema which wherever possible, makes extensive use of low environmental impact and energy conservation technologies.

As a high quality local cinema, the Birks will encourage local residents to spend their leisure time locally rather than driving 30+ miles to cinemas in Perth, Dundee or elsewhere.

The use of digital and internet technologies reduce the impact of traditional cinema operations by eliminating the production, and destruction, of 35mm film. LED lighting will be used in several areas including poster display panels in order to significantly reduce energy consumption.

¹ For example, see the UK Film Council's 2005 report "The Impact of Local Cinema". Beneficial economic impacts have been reported for many new cinema developments including Dundee Contemporary Arts and the more recent Heart of Hawick in the redeveloped Tower Mill, Hawick.

1.4 Description of the project

The redeveloped Birks Cinema will be designed as:

- a 92-seat digital projection cinema with 3D capabilities
- a distinctive, high quality venue matching contemporary city centre standards of comfort and viewing experience
- an adaptable venue which can be used for non-screening activities
- a social meeting place with a café bar and exhibition spaces
- a cinema which operates as an inclusive and welcoming social and cultural centre for residents and visitors

1.5 Schedule of accommodation

Ground floor

- Entrance foyer facing on to the town square. The reception desk will function as an information point as well as the sales point for tickets, confectionery and café bar sales.
- Café bar with a servery, kitchen and small store.
- Main auditorium seating 92 patrons and 2 wheelchair users.
- Male, female and accessible toilets
- Boiler room

First floor

- Gallery which functions as overflow from the café bar as well as providing opportunities for exhibitions. This area will be served by a first floor bar and associated bar store.
- Staff office.

Second floor

- Projection/control room (overhangs the rear two rows of seats)

1.6 Evaluation

The redevelopment of The Birks Cinema will be primarily judged according to the three objectives outlined in 1.3 above. More specifically, criteria for success include:

- Delivering a varied programme of films and events throughout the year
- Encouraging a diverse range of local audiences to attend screenings regularly
- Providing a base for an annual film festival and other activities including media education and film production initiatives
- Reactivating a landmark building in the centre of Aberfeldy
- Creating a viable social enterprise which is widely recognised as beneficial to the town and surrounding district
- Generation of annual surpluses to create both an operating reserve and an investment fund for future improvements and replacements.

In addition to the reporting requirements of the Board of Trustees, Companies House, and the Office of the Scottish Charity Regulator, the Birks Cinema will implement annual community and audience surveys.

Cinema industry benchmarks for attendance, film rental payments, and ancillary income generation along with catering industry benchmarks for the operation of the café bar will provide a framework which allows the Trustees and management to monitor the performance of the cinema.

2 Operating environment

2.1 The cinema marketplace

2.1.1 National context

Over the past five years the UK cinema sector has averaged around 164 million admissions annually which equates to 2.7 admissions per head of population. In Scotland, the rate of cinemagoing is approximately 12% higher than for the rest of the UK (3.0 admissions per head).

Rates of attendance at specific cinemas vary considerably with 10-15 visits per year being relatively common for people with a suitably attractive cinema near where they live. In contrast in areas where cinemagoing opportunities are scarce the rates drop below 0.5 visits per capita.

The average attendance *per cinema screen* in Scotland in 2008 was approximately 51,000 admissions. However, while the overall averages for cinemagoing are encouraging, the figures mask wide variations in performance and availability of high quality cinemas in Scotland.

2.1.2 Rural cinemagoing

Just 2.6% of UK cinemas are located in rural areas. On average they have 1.4 screens per cinema compared to 10 screens for the typical multiplex.² According to data compiled by the UK Film Council, rural cinemas are three times more likely to offer specialised film programming (that is, non-mainstream and arthouse films). In addition to full-time public cinemas, multi-use arts centres often provide a part-time cinema screening service for rural communities.

A growing number of film societies, clubs and community cinemas also offer a film screening service. They may operate in a local village hall and will normally screen films which have been on release for at least 3–4 months. They usually offer one or two screenings per month and while they are a valuable cultural and social service to rural communities they do not aim to be full-time, sustainable businesses in the manner that The Birks is intended to become.

2.1.3 Emerging independent small cinemas

The past two decades have seen almost the entire metropolitan cinema stock replaced with modern multiplexes and, to a lesser extent, modern specialised cinemas, arthouses and arts centres. In contrast there are few cinemas in rural areas which have been newly built or redeveloped to contemporary cinema standards.

Nevertheless, as is illustrated in Appendix 1, a growing number of rural communities – mainly in England – are benefiting from new independent cinemas. These cinemas are often in adapted buildings but with modern fittings and café bars along with the latest digital cinema technologies. These newer venues are proving popular with local audiences with per screen averages of 35,000 to 45,000 regularly reported – well above the typical result for older rural cinemas which often struggle to achieve 20,000 annual admissions.

The critical factors in the success of this new breed of local cinemas are:

- High quality auditoria – comfortable, stylish, warm and with excellent projection and sound
- Popular, high quality café bars open to the public throughout the day

² Source: UK Film Council Statistical Yearbook 2009

- A diverse range of films and events throughout each week (not just a single film for 7 days)
- Low overheads resulting from efficient design of the building and minimum staff levels

The redevelopment of the Birks is intended to follow the same principles.

2.1.4 Digital projection & 3D

*"Digital projection has transformed the opportunity for cinemas to be installed in places few would have thought possible," says Philip Knatchbull, chief executive [of London-based art house movie specialist Curzon Artificial Eye]. "It doesn't need a box office – you could order your tickets online. And the 'projection room' now just hangs from the ceiling."*³

Introduced to the cinema public in 1999, digital cinema is now commonplace. Specialist research company Screen Digest predict that 80% of UK screens will be digital by 2013 with a big surge in conversions from traditional 35mm film projection during 2011. The half-way point (50% of screens) is predicted to be reached by late-2010.

Digital cinema projection systems offer a number of operational advantages to cinemas:

- The daily programme of screenings, including all trailers, advertising and pre-show music can be automated and operated by the cinema duty manager.
- The programme schedule can be complex and varied – six different films can be shown in a single screen cinema without storage or operational difficulty.
- 3D films can be screened. Research organisation Screen Digest is predicting that 20%-25% of UK screens will eventually be 3D. Typically 3D screenings are currently generating 2-3 times as many admissions compared to 2D screenings of the same film.
- Non-film content ('alternative content') including live relays of operas, music concerts, theatrical performances, business and sporting events can all be presented in the same auditorium.
- Traditional projection rooms are no longer be required, freeing up space for more seating or other uses such as an enlarged foyer or café bar.

The Birks Cinema will operate exclusively with digital projection equipment and will be equipped with 3D capabilities. This equipment will be automated to allow the cinema to operate with minimum staff levels while offering the full spectrum of films available to cinemas.

2.1.5 Distribution issues

Film distribution is dominated by the USA major studios⁴. In 2008 the 'majors' accounted for 78.5% of all UK cinema releases, including most of the high earning 'blockbuster' titles. A further four 'independent' distributors accounted for 16% of releases. Access to the films these top ten companies distribute is essential for most cinemas.

A film distributors' key objective is nearly always to earn the maximum income from the films they distribute. This is achieved by releasing their new films first to the major cinema circuits – Odeon, Vue, Cineworld and Showcase – along with a number of high earning independent cinemas. With a limited number of 35mm film copies available, smaller cinemas in rural areas typically have to wait a number of weeks before they get an opportunity to screen these films,

³ Cited in www.dcinematoday.com 'The Silver Screen Survives' 13/5/09

⁴ Warner Brothers, Paramount, 20th Century Fox, Universal Pictures, Walt Disney Studios, Sony Pictures

by which time the potential audience for the film has declined substantially. Digital copies of films cost approximately one-tenth of the cost of a 35mm print so more copies can be made for a given budget, thereby improving the early availability of new films to smaller independent cinemas which in turn leads to higher attendances and improved viability for the venue.

Small, independent cinemas often make use of specialised film booking agents to help negotiate favourable terms with film distributors. (See 5.2.3.)

2.1.6 Alternative content

Digital cinema equipment offers many more uses than are possible with 35mm. Live opera, theatre, dance, music, sport, business conferences, gaming sessions, are all possible and are increasingly popular with audiences. Live opera in particular has proved to be a significant success for digital cinemas, even at ticket prices 3-4 times the normal cinema rate.⁵

Live events are received on satellite systems which are connected into the cinema projection and sound equipment. Pre-recorded alternative content is distributed in a similar manner to cinema films.⁶

Alternative content events often bring different audiences and sectors of the community into the cinema and can broaden the appeal and relevance of the venue to the community.

2.2 Audiences

2.2.1 Local residents

The main audience for films and other events at the Birks will be local residents. Cinemagoing is popular with most ages groups from 4 years to 80+ years and is equally popular with both male and female audiences (although older audiences tend to be predominantly female).

Frequency of cinema visit by age group, 2008⁷

Age range	7-14%	15-24%	25-34%	35-44%	45-54%	55+%	Overall%
Go to the cinema at least once per year	87%	80%	68%	67%	58%	34%	60%
Go to the cinema at least once per month	31%	41%	22%	16%	11%	6%	18%

The catchment area for the Birks is expected to include the surrounding communities in Pitlochry, Dunkeld and Birnam, Killin and Blair Atholl – all of which are within easy reach of Aberfeldy.

2.2.2 Education users

The new Breadalbane Academy will provide education facilities for up to 600 secondary pupils from Aberfeldy and surrounding district. An additional 250 places will be available for primary level pupils.

⁵ See: http://www.metoperafamily.org/metopera/broadcast/hd_events_next.aspx

⁶ See: www.more2screen.com

⁷ Source: Cinema Advertising Association cited in the UK Film Council Statistical Yearbook 2009

The school may use the Birks Cinema for a range of screening and performance purposes linked to the curriculum or as an after school “film club”⁸. Additionally the presence in the town of a large number of young people creates opportunities for twilight screenings in the late afternoon as well as events specifically designed for young people, for example computer gaming sessions or film production courses.

2.2.3 Visitors

Visitors to the town, predominantly during the April to September months, offer an additional market for the Birks cinema to tap into. Over 50,000 individual visitors are recorded by the Tourist Information Centre in Aberfeldy each year. A substantial proportion of these visitors are day-trippers who may use the cinema café bar but are unlikely to stay for an evening film. However around 3,000 ‘bed nights’ are recorded and these visitors are much more likely to visit the Birks – some just for a coffee, drink or snack but others for a film screening.

More significantly an estimated 46,000 visitors stay in and around Aberfeldy throughout the year in rented cottages, caravans and chalets accounting for over 250,000 bed nights⁹. The summer period is the busiest but the season for most of these providers covers March to October with a substantial number of the visitors staying for 7 nights.¹⁰

The large number of visitors to Aberfeldy and surrounding area make a substantial contribution to the local economy and successfully marketing the Birks to this diverse group will be a critical factor for the Birks cinema. In addition to the four locations mentioned above, popular attractions such as Dewar’s *World of Whisky* – the fourth most attended ‘paid for’ attraction in Perthshire with around 40,000 visitors per year – should be incorporated into the marketing plan for the Birks, perhaps through cross-promotions for example cinema discount vouchers (2-for-1 and/or other benefits) for ticket holders to the Dewars attraction.

2.2.4 Attendance potential

The audience potential for a cinema in a small rural area is more difficult to predict than a cinema in a more urban area. The total numbers are smaller and other factors, especially travel time, can have a very specific influence. For example Saturday evening is usually the most popular time for cinemagoing in city multiplexes but in rural towns there may be other community and social activities which take precedence over watching films at the weekend.

Comparisons with other modern cinemas in smaller rural towns¹¹ suggest that 25,000 – 35,000 overall admissions may be realistic and achievable under favourable circumstances. The lower figure would be made up as follows:

Local residents	12,000	6 attendances per resident per year (twice the Scottish national average but regularly achieved by modern local cinemas)
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⁸ After school film clubs are well established throughout the UK and are growing in popularity. See www.filmclub.org

⁹ Data obtained directly from the owners of each of the facilities

¹⁰ The 2006 feasibility study analysed visitors data and noted that for Perthshire overall, the average length of stay for UK visitors is 3.4 nights while for overseas visitors it is 6.7 nights.

¹¹ See Pre-Feasibility Study, August 2006, Section 3.2 for details of attendance levels at cinemas in a number of small, rural towns throughout the UK.

Surrounding communities	5,000	1 attendance per resident per year (a more typical level of attendance for people who have to travel to a cinema)
Visitors	8,000	1 attendance per 6 people staying (a low level which could be exceeded especially given the semi-residential status of some visitors)
Total	25,000	

The new Birks Cinema must appeal strongly to both the younger cinemagoer and to older audiences. The audiences for *Ice Age 3D*, *Avatar*, *Broken Embraces*, *James Bond*, *Star Trek* or a live relay of New York's Metropolitan Opera are distinct and very different. The design and style of operation should recognise the sometimes conflicting requirements of different audience groups – popcorn and Coke for some, coffee and carrot cake for others. The ambience in the building, especially in the café bar areas will have a strong influence on the way that each group views the cinema.

2.2.5 Additional events

The Birks will be a valuable local and regional resource capable of hosting a number of special events and festivals. Such events are not included in this business plan but are anticipated to become a regular and important part of the annual programme at the venue. In particular the Heartland Film Festival will gain the opportunity to develop considerably and, especially during the winter season, film-related events such as residential courses, mini-festivals and seminars may be held at the venue. In most instances this type of additional event will be grant-aided or sponsored and will make a positive contribution to the overall economy of the Birks.

2.3 Environmental concerns

The Birks cinema will be redeveloped using the most environmentally friendly approach that is practical for a building of this age and type. Energy consumption will be minimised through careful design and adoption of technologies such as LED lighting and heat recovery.

Cinemagoers predominantly travel to their cinema of choice by car – out-of-town multiplexes developed in the 1990s were almost totally reliant on car ownership. In contrast local cinemas which prove attractive to local residents have the effect of reducing the number of journeys to cities thereby reducing the environmental impact of cinemagoing.

3 Programme and marketing

3.1 Programme

3.1.1 Cinema

In 2008, 527 new feature-length films were released for a week or more. Many films struggle to find audiences while the top twenty films account for around 50% of the overall cinema box office income.

The Birks Cinema will mainly screen commercial new release films, either at the time of their UK release or within a few weeks of that date¹². Major new releases, especially the summer blockbusters, attract the largest audiences but may not prove so popular for a rural cinema because the majority of the audience for films such as *Star Trek* (2009), *Harry Potter and the Half-Blood Prince*, or *Avatar* typically go to the cities in the first 1-2 weeks of the film's release. Instead films with a broad appeal or, like *Mamma Mia!*, appeal to a particular segment of the cinemagoing public will tend to perform better in smaller, independent cinemas.

Alongside new release titles the cinema will provide a broad spectrum of films – children's animated films in 3D, family films, genre films¹³ for young cinemagoers, comedies, dramas, documentaries, arthouse or specialist films, classic films, and locally produced films.

Cinema films are rented from film distributors on terms which are negotiated per film. Over a full year a cinema can expect to spend approximately 40% of the box office income on film rentals. For smaller cinemas the percentage is usually slightly greater and 42% is used in these budgets.

3.1.2 Alternative content

The Birks Cinema will be equipped with satellite reception equipment in order to receive live performances of operas, concerts, and other events. Some of these performances are offered as part of a season, for example the New York Metropolitan Opera series or the National Theatre play series, while others are one-off events. It is expected that at least some of these performances will be screened in 3D.

Live opera, and more recently live theatre, has proved to be particularly popular with digitally-equipped cinemas during 2008 and 2009. Typically ticket prices for these performances are in the £20 – £25 range and cinemas offering live opera sell out the majority of the performances resulting in a substantial income stream for the venue.

3.1.3 Scheduling

Cinemas in smaller communities often provide just 1 or 2 screenings per day but the example of some of the newer digital cinemas such as the Kino in Hawkhurst, Kent, the Lexi in Kensal Rise, London, and the Ritz in Belper, Derbyshire illustrate that even with a single screen it is possible to offer 4-6 screenings per day. The Birks Cinema would not usually offer such an intensive

¹² Programmes shown several weeks after the UK release are known as 'off-date', whereas films shown in the same week as the UK release are 'on-date'

¹³ Genre films include horror, comedy, fantasy, science fiction, thriller, romantic comedy and generally appeal strongly to the mainstream cinema audience. These films often include sequels and films based on TV shows or old films.

screening schedule except perhaps at weekends or during festivals and other special occasions including mid-week days during the summer visitor season.

Worldwide, cinema admissions are skewed strongly towards the weekend (Table 3.1 below). But as noted in section 2.2.1 above, rural cinema attendance patterns may be quite different, partly due to local community activities at weekends but also due to the varied scheduling that is possible with a digital cinema. The budgets in this plan assume a more even pattern of attendance throughout the week.

UK box office percentage share by weekday (Source: Neilsen EDI)			
Friday	17%	Monday	7%
Saturday	29%	Tuesday	8%
Sunday	21%	Wednesday	9%
		Thursday	8%
<i>(Total Weekend</i>	<i>68%)</i>	<i>(Total Weekday</i>	<i>32%)</i>

Table 3.1

The distributors of major new release films usually demand that all the screening 'slots' in a 6 or 7-day period are allocated exclusively to their film. This is incompatible with the need for a single-screen rural cinema to serve a range of cinemagoing audiences but in certain circumstances – a James Bond or Harry Potter film or major new release such as *Avatar* – it may be deemed acceptable for purely commercial reasons.

A sample programme schedule for 7-day-a-week operation, including some community non-cinema use, is detailed below:

Day	Mid-morning	Early afternoon	Mid-afternoon	Early evening	Main evening
Friday	Community	Community	Film B	Film A	Film A
Saturday	Kids' Club	Film A	Film A	Live relay of opera or concert	
Sunday			Arthouse	Film A	Film A
Monday	Community	Community	Film C	Film B	Film A
Tuesday	School film		Film A	Film A	Film B
Wednesday	Seniors film	Film C	Film B	Film A	Film A
Thursday	Community	Community	Film C	Film B	Film A

Table 3.2

A less intensive programme schedule for 6-day-a-week operation, including limited community non-cinema use and no morning activities, is shown below:

Day	Mid-morning	Early afternoon	Mid-afternoon	Early evening	Main evening
Friday		Community	Film A	Film B	Film A
Saturday		Kids' Club	Film A	Live relay of opera or concert	
Sunday			Arthouse	Film A	Film B
Monday	Closed	Closed	Closed	Closed	Closed
Tuesday		School film	Film A	Film C	Film A
Wednesday		Seniors film	Film B	Film A	Film B
Thursday		Community	Film C	Film B	Film A

Table 3.3

3.2 Target audiences

There is no single "cinema audience". An enormous range of films are produced and while some clearly aim to reach a massive audience others are more selective and seek particular audiences. With a comparatively small population catchment to draw upon, an individual cinema in a rural area must therefore devise marketing strategies which reach different audience groups efficiently and effectively¹⁴.

While a city based multiplex can rely on the national advertising carried out by film distributors, the rural independent cinema normally has to work harder at informing potential cinemagoers. The advent of email, web sites and on-line ticketing has given small, independent cinemas marketing tools which can be very effective and can successfully reach a multitude of different audiences. The Birks cinema's marketing will be focussed strongly on internet technologies but tried and tested techniques such as posters in local shops and community centres or programme brochures will also be used.

The main user groups are expected to be:

- Local residents – cinema screenings, regular attenders
- Visitors – cinema screenings, infrequent attenders
- Alternative content special events (e.g. live opera or theatre)
- Schools (e.g. for curriculum related screenings, an after-schools 'film club', or for teacher professional development courses)
- Business and community groups who require a meeting place.

3.3 Screen advertising

On-screen advertising from Pearl & Dean or Digital Cinema Media (formerly Carlton Screen Advertising) can provide a relatively trouble-free source of additional income. Based on the lower level of admissions indicate earlier, advertising income of approximately £7-9,000 might be generated with 55% payable to the Birks (i.e. £3,850 - £4,950)

Additional income could come from the Orange Wednesday scheme (the Birks would need to be a member of the Cinema Exhibitors' Association, payments are made monthly and depend on admissions), or the alternative Volkswagen promotion for independent cinemas (non-CEA members, payments made bi-annually).

¹⁴ Guidance on how to target specific audiences for each film is available from several sources such as the business web site of screen advertising company Pearl & Dean (<http://business.pearlanddean.com>). See Appendix 10.6.

4 Marketing

4.1 Positioning, branding and strategy

The Birks Cinema will be positioned and branded as:

- A local cinema in rural Perthshire
- A state-of-the-art digital 3D cinema providing programme choice
- A welcoming, sociable, fun place to go
- A key town centre facility accessible for everyone
- A revitalised landmark building
- A social enterprise nurtured by the Aberfeldy community

The marketing strategy will be focussed on three themes:

- i) A modern, diverse cinema programme including occasional 'alternative content' events
- ii) A welcoming sociable ambience and facilities
- iii) A local, rural venue with a distinctive character

4.2 Methods

4.2.1 On-line

Cinema marketing and ticket selling is predominantly based on internet services – film web sites, on-line ticketing, e-newsletters, and innumerable blogs. A cinema's internet presence is the foundation of its marketing operation. All these services need to be integrated into a computerised cinema management system, ensuring consistency, timeliness and accuracy.

The Birks should aim to build a strong on-line community through regular e-newsletters, up-to-date information and news on the main web site, key performance information in a format suitable for mobile smartphones, and opportunities to contribute to discussions about films and events at The Birks.

4.2.2 Advance ticket sales

Ticket buying behaviour varies partly due to the different type of cinema – multiplex, arthouse, local, etc – but most cinemas are placing increasing emphasis on on-line purchasing and moving away from telephone bookings in order to save staff costs¹⁵. For much of the year walk-up sales remain important for cinemas and overall can be expected to account for one-half to two-thirds of all purchases. Major new films and special events such as live opera events will produce very high levels of advance booking.

4.2.3 Print

Two forms of print marketing remain important for most cinemas: local newspaper adverts and programme leaflets/brochures. Newspaper adverts for local cinemas are essentially information notices which communicate just the film title and the performance times. This type of advertising is important in order to keep the cinema 'visible' as a leisure option and is most successful with

¹⁵ The recently opened 3-screen HMV Curzon cinema in Wimbledon – a 100% digital cinema with a stylish café bar – is experiencing up to 90% on-line advance bookings. This is a particularly high level but many cinemas achieve in excess of 50% on-line advance sales.

well known film titles. Programme leaflets are pocketable and are useful in promoting a complex schedule as well as giving space to explain more about individual films – notably specialised films which don't benefit from massive publicity – and events such as live opera or community events.

4.2.4 Pricing

Audience surveys have often found that individual ticket prices are not the main consideration for cinema and theatregoers. Prices in rural areas are generally lower than in urban areas but in many instances this reflects a lower quality of cinema venue rather than any resistance to paying a price comparable to city cinemas.

For most cinemagoers it is the *overall cost* of the visit to the cinema that matters most, whether that is a teenager going with friends, a retired couple attending a morning silver screen matinee, a group of friends going out on a Saturday evening, or a family party attending one of the year's blockbusters. The total cost of travel, parking, tickets, snacks and perhaps also a meal is what matters most.

Assuming that the Birks is redeveloped to contemporary cinema standards of comfort and technical capability it should position its ticket prices at a similar level to those prevailing in other modern Scottish cinemas. 3D screenings usually have a supplement of £1 – £2 per ticket. (The budgets assume a £1.50 supplement.)

Saturday main evening ticket prices (May 2009)					
Ticket Category	Cineworld Dundee	Cineworld Edinburgh	Cineworld Glasgow	Edinburgh Omni (Vue)	Glasgow Quay (Odeon)
Adult	£5.90	£7.30	£7.00	£7.25	£7.20
Senior	£4.40	£4.70	£4.90	£5.45	£5.00
Child/Teen	£4.40	£4.70	£4.90	£5.80	£5.00
Student	£4.40	£4.70	£4.90	£6.20	£5.00

Table 3.4

The prices at the Birks should be positioned as "good value" and sensitive areas such as unfair discount policies¹⁶ or excessively expensive concession snacks should be avoided. The prices used in the budget calculations are shown in Table 3.5 below. These prices are towards the higher end but the experience elsewhere in the UK for small, independent, digital high quality cinemas (see Appendix 1) is that these prices are acceptable to a wide range of the population.

Category	Screening times	Price (inc VAT)
Adult	Screening starts before 5pm	£5.00
	Screening starts after 5pm	£7.00
Concessionary (OAP, Student, Child, Unemployed, Disabled)	Screening starts before 5pm	£3.50
	Screening starts after 5pm	£5.00
3D screening supplement	All times	£1.50

Table 3.5

This pricing scheme, together with the performance schedule detailed in Appendix 2, results in an average ticket price of £5.38 including VAT at 17.5%. The UK Film Council reported that the UK average ticket price in 2008 was £5.18 (3% higher than in 2007).

¹⁶ For example excluding student nurses from student discounts, or deaf people from disabled discounts

Nationally, concession (discount) ticket prices are typically around 70% of the main Adult ticket price. The budgets assume that for screenings starting before 5pm half the tickets sold will be at a discount. For screenings starting after 5pm one-third of tickets will be discounted.

Depending on the ticketing system chosen, it may be necessary to charge a supplement for on-line (and telephone if offered) ticket bookings. Some systems levy a charge per ticket, while others charge per transaction (regardless of the number of tickets purchased). Ticketing systems which avoid a per ticket or per transaction charge are, as would be expected, preferred by the public but may cost the cinema more to install and/or operate.

4.2.5 Networks

The Birks will be a prominent cultural business in Aberfeldy visible to everyone who goes through the town. An essential component of its marketing plan will be the establishment and maintenance of an extensive network of connections with local businesses and organisations. This will be achieved through partnerships, collaborations, joint promotions, and involvement of the cinema in community activities such as festivals, public meetings, community services, and provision of a meeting place for local businesses.

5 Catering and concession sales

Food and drink consumables will be available in two areas of the Birks: the foyer/café bar and the first floor gallery bar. In the cinema trade, confectionery, ice cream, soft drinks, and popcorn are known as 'concession sales' and are usually sold from the main box office, from a dedicated concession sales area, or from vending machines in the foyer.

The concession sales will be treated as part of the cinema's core income. The café bar and/or gallery bar may, similarly, be integrated into the overall cinema operation along with the concession sales or alternatively these catering facilities may be contracted out to a third party.

It is essential that the Birks is licensed to sell alcoholic drinks and it may be desirable to allow audiences at certain screenings to take their drinks into the auditorium.

5.1.1 Concession sales

Concession sales from the reception desk and vending machines in the foyer typically account for 20%-30% of the average ticket spend at cinemas. For an average ticket price of £5.38 (including VAT) the Birks could expect to earn £1.00 – £1.50 from concessions if the sales area was designed for prominent display and rapid sale of products. At this early stage of the design process it would be prudent to budget for at the lower end of this range – £1.00.

The highest margin ranges – soft drinks/mineral water, popcorn, tea and coffee – generate around 70% margin. In contrast confectionery and ice cream are generally lower margin items, 40%–50%. Locally sourced products are often popular but well-known brands should also be offered, for example Ben 'n' Jerry's ice cream.

The key to good concession sales is visibility of the products and ease of sales. In general, younger audiences and family groups spend more on concessions compared to older adult audiences who tend to prefer tea/coffee or an alcoholic drink from the café bar and may only occasionally purchase from the concession counter.

The main reception desk should accommodate both ticket selling and concession selling from one counter allowing one member of staff to sell any item. At busy times two staff may work at this sales point.

5.1.2 Café bar sales

Based on the current designs, the foyer café bar on the ground floor has 20 covers (seats) and the first floor gallery bar up to 40 covers, depending on how the gallery is set up for an exhibition. The style of operation and hours the foyer café bar and gallery bar are open are fundamental factors in determining the turnover and profitability of these two catering areas.

The foyer café bar and the gallery bar have two complementary roles:

- To provide a catering and refreshment service for people attending cinema and live performances, meetings, workshops, dance classes, and other activities in the Birks.
- To provide a social centre in the town, close to local shops and services including the tourist information centre, cafes, restaurants and bars.

The café bar and gallery bar would make use of cross-selling techniques within the Birks in order to maximise the use of the venue and the income generated. For example cinema and event

ticket holders may be given discount vouchers to spend in the café bar, and the tables in the gallery bar would have cards with “this month’s programme” detailed.

Although it would be possible to contract out the operation of the café bar, this business plan is based on the assumption that the cinema will directly operate the catering facilities, at least for the initial years of operation.

A separate operating plan and budget for the catering aspects of The Birks accompanies this business plan.¹⁷

¹⁷ The catering plan and budget has been produced by Sandra Reid, Merritt-Harrison Catering Consultancy.

6 Organisation

6.1 Company organisation

6.1.1 Governance

The Friends of the Birks Cinema (FBC) is a non-profit distributing company managed by a Board of Trustees drawn from the local community and may, in the future, include individuals from the cinema sector in Scotland. It is important that this Board 'adds value' to the organisation through the individual contributions made by the Trustees.

FBC may additionally establish a non-executive community forum which would provide local residents with opportunities to express opinions about the operation of the Birks.

6.1.2 Status

The Friends of the Birks Cinema is a Scottish Company limited by guarantee, and without a share capital, incorporated under Company Number SC360708 and is recognised as a Scottish Charity, registered under Scottish Charity Number SC041030. Registered Office: J & H Mitchell, 51 Atholl Road, Pitlochry PH16 5BU.

With charitable status FBC is eligible for business rate relief. (See 5.3.1 below.) Additionally, FBC will be able to apply for a range of public and private sector funds to support the activities of the cinema.

6.1.3 Ownership of the building

It is the intention of the Friends of the Birks Cinema (FBC) to purchase the former cinema building in the centre of Aberfeldy.

If the purchase is successful, FBC will have a substantial asset on their balance sheet which may be used as collateral for loans in the future.

6.2 Staffing and volunteers

6.2.1 Employment opportunities

The operation of The Birks Cinema will require both paid and volunteer staff. For venues in rural areas it is common for a small number of core staff to be assisted by a larger number of volunteers.

The core jobs, most of which will be paid on a full-time or part-time basis, will require a range of specialist skills and knowledge including: programming, marketing, financial management, technical operations, and perhaps catering management. Some of these skills will be available locally, others may be brought into the town, and some may be provided through contracts with third parties such as film booking agents.

Initial and on-going training would normally be required for a venue of this type with sophisticated technical equipment.

6.2.2 Staffing

The main roles are expected to be:

- General manager – full-time
- Relief manager (s) – part-time, often with a special responsibility such as marketing or concession sales or management of the volunteer staff

[Note: the manager on duty will be expected to be responsible for running the screenings and will require some technical training. They will not be expected to handle servicing or other more detailed technical operations.]

- Technician – part-time, primarily involved in the digital projection systems and the IT systems for the web site and ticketing
- Box office manager – full or more likely part-time, this person could be one of the relief managers.
- Cleaning staff – employed by the company or supplied by a cleaning contractor.

Staffing for the catering operations in the foyer café bar and gallery bar are not considered in detail in this business plan. However the integration of the cinema and the catering operations will be important for the overall viability of The Birks. For example the General Manager and the Catering Manager may provide cover for the other person during mid-week and daytime opening hours. If suitable staff are employed who can handle both roles (as is done in some of the cinemas cited in Appendix 1) then there is potential to save approximately £10,000 pa in payroll costs.

6.2.3 Volunteers

Arts and cinema venues in cities and especially rural areas often rely strongly on volunteers to carry out a range of essential tasks including box office duties, ushering, web site maintenance, business development (hires and promotional activities), programming, technical duties, and assistance with special events and festivals. Venues and organisations as diverse as Glasgow Film Theatre, Edinburgh International Film Festival, and the Eastgate Arts Centre, Peebles involve volunteers in many different and vital roles.

Volunteers gain valuable work experience as well as having the satisfaction of contributing to community cultural and social life. Volunteers should be engaged on similar terms to paid staff and a volunteer staff policy established from the outset. Volunteers should be provided with the same levels of support, training opportunities and participation opportunities that remunerated staff enjoy.

6.2.4 Film booking agents

Film programming and booking can be done in-house by The Birks's staff (or volunteers), or an agent can be appointed to handle negotiations with film distributors. There are advantages to both approaches and the decision to programme 'in house' or use an agent depends on factors including personal knowledge and motivation, bargaining power, reputation, and time available. Whatever method is chosen the booker/agent should act flexibly, sensitively and with a degree of entrepreneurial or curatorial flair.

There are a small number of agents in the UK who can provide a programming/booking service including:

- City Screen Virtual – the programming services arm of the UK’s leading independent cinema circuit. The company has programming relationships with many independent cinemas and arts centres throughout the UK.
- Independent Cinema Office – formed by staff from the BFI Programming Unit the ICO has specific skills in specialist film programming, film festival tour management and cinema staff training.
- Mike Vickers – freelance programmer/booker based in Kent. Books for several Scottish cinemas.
- Filmhouse, Edinburgh – currently provide programming for the Heart of Hawick cinema and An Lanntair arts centre in Stronoway

Alternatively it may be possible to work with programming staff at cinemas in the vicinity of the cinema, for example Dundee Contemporary Arts.

All of the agents provide individual quotations for services. While some provide a basic booking service others, notably City Screen Virtual, can provide a range of marketing services including the design and production of programme brochure.

For a small single screen digital cinema the annual fee is likely to be in the range of £5,000 to £10,000 depending on the number of bookings and the range of services offered.

6.3 Premises

6.3.1 Business rates

Relief from business rates is an important factor in the viability of rural arts venues and cinemas. As a company with charitable status, the Birks is eligible for 80% mandatory business rate relief and may, at the Council’s discretion, be eligible for up to 100% relief. In the budgets accompanying this business plan 100% rate relief is assumed.

Discretionary relief

Perth & Kinross Council states: “Any rate levied in respect of lands and heritages can be reduced by awarding Discretionary Relief of up to 100%.

“The lands and heritages must meet the following criteria:

- Occupied by classes attracting mandatory relief for charities
- Occupied for the purpose of one or more organisation
- Occupied by other organisations not established or conducted for profit whose main objective is charitable, or whose main aim are educational, religious, improving social welfare, concerned with science/literature/fine arts
- Occupied for the purpose of a Club, Society or Organisation not established for profit
- Mainly for the purpose of recreation.”

Mandatory relief

“Mandatory relief of 80% of the rates payable may be awarded to charitable organisation's where they meet both of the following qualifying criteria:

- Property must be occupied by a registered charity or a trustee of a charity AND
- Property must be used wholly or mainly for charitable purposes”

“The definition of charitable purposes is:

- relief of poverty
- advancement of religion
- other purpose beneficial to the community”

A further Discretionary Relief of 20% may also be available to charitable organisations.

Inclusion of profit-making activities

The café bar and gallery bar are intended to produce profits in order to support the overall business of the cinema. However it is important that the profit making element is appropriately dealt with by both the Office of the Scottish Charity Regulator¹⁸ and by Perth & Kinross Council.

6.3.2 Heat, light and power

The redevelopment of the Birks into a modern cinema venue will incorporate innovative, low energy methods of providing heat, light and power. Nevertheless these costs will be a significant factor for the venue and will need careful planning and control once operational.

Some cinema management systems extend beyond ticket selling and web site maintenance to include monitoring and adjustment of heating and ventilation according to the number of people in the auditorium and external temperature.¹⁹

6.3.3 Administration

Premises costs include routine repairs and maintenance, cleaning materials and equipment costs, toilet supplies, and insurance. Administration costs include telephone and internet costs, stationery, insurance, travel, staff training, licences and subscriptions and sundry costs.

6.4 Launch issues and costs

Significant costs will be incurred prior to The Birks becoming operational. These include:

- Legal costs for establishing the new company and securing appropriate licences
- Film distributors’ bonds (£500 - £1,000 per major distributor, refundable after 6-12 months of satisfactory trading)
- Maintenance contracts payable in advance
- Recruitment costs including costs related to volunteers
- Salary costs for staff prior to opening (up to 6 months salary costs for key personnel)
- If relevant, legal costs to secure a catering franchise
- If relevant, costs of stocking the café bar and gallery bar
- Development of web site, printing brochures and placing of newspaper advertising
- Pre-opening PR potentially involving costs of bringing key film distributors to the cinema
- Launch event/party costs
- Cash flow reserve to cover the initial trading period

¹⁸ www.oscr.org.uk

¹⁹ See for example: www.vista.co.nz

At this stage the start up costs can be considered under generic headings:

Legal costs including licences	£5,000
Film distributor bonds and advance fees	£3,000
Recruitment costs (advertising, travel expenses)	£2,000
Pre-launch staffing costs (12 wks General Mgr, 4 wks Relief Mgrs, 2 wks Box Office, 8 wks Technician, 4 wks Catering Mgr)	£12,000
Stock costs	£3,000
Launch publicity & PR	£5,000
Cashflow reserve	£5,000
Miscellaneous allowance	£5,000
	<hr/>
Startup cost total	£40,000

7 Finance

7.1 Capital costs

7.1.1 Building acquisition and conversion

The Birks building was recently on the market seeking offers over £230,000. In August 2009 FBC were awarded £320,075 by the Scottish Government's Town Centre Regeneration Fund in order to purchase the building and develop the conversion proposals.

Following a valuation, The Friends of the Birks Cinema completed the purchase of the building on 18 December 2009 for £180,000.

Ralph A. Off & Partners, working from the designs prepared by Robin Baker Architects, estimated the conversion costs at approximately £890,000 exclusive of VAT and professional fees. Professional fees are typically in the region of 15%–18% of the development contract.

7.1.2 Fit-out costs

Cinema auditorium

Cinema seating (92 seats @ £250 per seat)	£23,000
Delivery and installation of seating	£4,000
Retractable seating platform (if required)	tbc
Acoustic wall treatment & carpeting	tbc

Projection & sound equipment

Digital cinema projector + lens + pedestal + lamp	£45,000
Projector accessories: ADSL modem + Automation interface + keyboard, mouse, TFT screen for programme control	£1,200
Spare projector lamp	£750
Digital Server	£12,000
Digital media adaptor	£1,400 – £2,200
3D Equipment + 100 pairs spectacles	£17,500
Alternative content scaler and interface	£3,750
Satellite receiver and associated equipment	£5,000
Theatre Management System / Automation	£8,500
Sound Processor & Amplification & Loudspeakers	£10,000
Inductive loop & Infra-red assistive technology	£2,000
Cinema screen & frame & moveable masking	£10,000
Installation & commissioning fees	£2,500
Operator training	£1,000
Delivery costs	£1,000
<i>Sub-total</i>	<i>£121,600 – £122,400</i>

Foyer & Box office

Cinema management / box office system	£10,000 – £30,000
Cash safe	£2,000
Office computers, printers, software etc	£3,000

Show relay (video & sound from the auditorium)	£2,000
2x Flat panel video displays (what's on, trailers, etc)	£1,500
4x Poster display cases (40" x 30" industry standard)	£2,000
Telephone system	£1,000
Confectionery & ices fittings and equipment	£10,000
<i>Sub-total</i>	<i>£31,500 – £51,500</i>

Office and staff room

Desks, filing cabinets, chairs, staff lockers	£3,000
Tea/Coffee point with fridge	£500

Café bar and gallery bar

Fittings & furniture	tbc
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External

Main signage	£5,000
Illuminated poster display cases	£3,000

Total fit out cost (excluding tbc items) £212,500²⁰

Note: technical fit out specialists are likely to require a deposit – perhaps 30% – with the order for the projection and sound equipment. The lead time for such orders are currently in the region of 4-6 months for digital projectors. Similarly the seating supplier will require a significant deposit and again would, in most instances, require 3-6 months lead time.

Summary

The following figures provide an approximate overview of the development costs:

Building acquisition costs	£200,000
Development of designs, etc	£100,000
Redevelopment costs including fees	£1,000,000
Fit out costs (estimate including tbc items)	£260,000
Pre-opening and launch costs	£40,000
Total costs	£1,600,000

7.2 Operating budgets

The operating budgets are projected on the following assumptions:

- The VAT rate at the time The Birks becomes operational is expected to be 17.5%
- Film rental averages 42% of box office income
- Film transport estimated at 5% of box office income
- Marketing is set at 10% of box office income
- Staff costs are provisionally set at 35% of turnover (high for a cinema but in reality a low figure which does not allow for many paid employees. Volunteers will be essential.)
- A film programming/booking agent is employed

²⁰ The total fit out cost is based on the highest costs detailed in section 7.1.2

- The digital projection system is fully automated, reducing technical staff input to a minimum level
- Screen advertising averages 8-10 minutes per screening
- 100% discretionary business rate relief is given by Perth & Kinross Council
- Concession (confectionery, ices, soft drinks) sales average £1.00 (inc VAT) per admission
- Concession profit margin averages 50%
- Community and commercial hires of the venue could become a significant source of non-cinema income. Provisionally this is shown at £3,000 which equates to 38 weeks with two morning hires per week at £40 per hire..

The net income from the foyer café and the gallery café bar is provisionally set at £25,000 but this requires detailed testing by a catering consultant or company with relevant experience.

[The detailed 3 year operating budgets are confidential.]

The budgets show an initial break even with a gradually increasing surplus reaching £6,276 in year 3. There are many areas of the income and expenditure model which will be refined as the project develops, for example staffing costs or funding support from public and/or private bodies. It is clear however, from these figures and from the experience of other rural cinemas, that The Birks will require skilful management, programming and championing.

7.3 Financial management

7.3.1 Integrated cinema management system

Cinemas are cash businesses and keeping track of the many small transactions can be time consuming and awkward for staff and volunteers so the introduction of a highly integrated management system is essential in order to deliver a high level of customer service along with ease of financial control.

Integrated cinema management systems combine ticket selling with a range of additional facilities such as concession stock control and sales, integration with web sites, automatic creation of e-newsletters, management reporting including many industry standard reports (e.g. film distributor daily or weekly reports), control of video signage and displays in the foyer.

A few systems are offering integration with the digital cinema projection equipment so that once a film programme or schedule is set up, the entire cinema operation is controlled from one central computerised system.

7.3.2 Reserves policy

Operating reserves

The Trustees of the company will adopt a policy of building up reserves in order to either achieve a certain percentage of turnover, for example 10% of annual turnover, or to sustain trading for a period of 3 months with no income, or to make an orderly winding up of the company (including redundancy payments). The method and level of reserves chosen will be reviewed annually by the Trustees.

The business plan assumes that reserves will be built up gradually with increasing contributions each year until the desired level is achieved. On the basis of 10% of turnover the target for the

reserves will be in the region of £40,000 (cinema turnover and catering turnover are broadly equal at just under £200,000 pa). Thereafter they will be maintained at a stable level.

Refurbishment reserves

Refurbishment and replacement of equipment and fittings may be provided for through a standard depreciation policy or by planned fund raising aimed at creating a specific refurbishment reserve.

8 Risks

Funding, acquisition and development risks are outwith the scope of this business plan.

The risks associated with the operation of the Birks Cinema include:

Identified risk	Level of risk	Preventative actions	Contingent actions
Attendance estimates not achieved	High	<ul style="list-style-type: none"> • Employ film programming agent • Create web site with on-line booking • Develop PR plan (post launch) • Programme for targeted sectors of audience • Recruit marketing-aware staff • Leverage community activism & enthusiasm • Liaise with school and other institutions (e.g. Pitlochry Theatre) 	<ul style="list-style-type: none"> • Monitor attendance levels weekly • Adjust programme policy and schedule • Implement special promotions • Minimise film bookings with high rental terms
Operational costs greater than anticipated	High	<ul style="list-style-type: none"> • Timely production of management accounts • Monitoring key cost areas – staffing, film rental, marketing, power • Ensure that hire activities are fully charged to clients • Schedule activities and performances to make optimal use of staff and resources 	<ul style="list-style-type: none"> • Adjust performance and activity schedule to prioritise high earning events • If necessary, operate 5-6 days a week • Seek public funding support • Seek sponsorship and patronage • Involve more volunteer staff
Inability to attract suitably experienced and knowledgeable staff and volunteers, especially the senior operating officer (General Manager)	High	<ul style="list-style-type: none"> • Ensure that the job specification is attractive for the type of person required • Liaise with Regional Screen Scotland, Scottish Screen, Perth & Kinross Council • Advertise in the specialist press and on-line • Consider broadly assessed performance bonus scheme (mainly for the catering operation) 	<ul style="list-style-type: none"> • Spread roles broadly • Identify training opportunities for staff and volunteers • Work with Arts & Business Scotland and seek a business mentor • Ensure that Board of Trustees support staff and volunteer development

Poor quality governance and/or management	Medium	<ul style="list-style-type: none"> • Board training (e.g. by Arts & Business Scotland) • Good management information systems and monitoring • Recruitment of experienced staff and volunteers • Annual review of Board performance • Annual review of Birks performance against cultural, social and economic indicators 	<ul style="list-style-type: none"> • Board members appointed for 3 year terms • Chairperson and Vice Chairperson appointed for 3 year term • Senior manager appointed on fixed term contract • Staff contracts and volunteer agreements, performance assessment and disciplinary procedures implemented from outset
Inability to secure high quality first run films	Medium	<ul style="list-style-type: none"> • Initially work with experienced film programmers and bookers • Supply film distributors with box office information on time, also send press cuttings • CEO to visit film distributors in London • Invite film distributors to launch event • Ensure that high profile films are well marketed and deliver high returns • Join the Cinema Exhibitors Association (CEA) trade organisation 	<ul style="list-style-type: none"> • Investigate difficulties with programmer / booking agent and Scottish Screen • Focus attention on the diversity of the film programme and responsiveness to local tastes and audiences • If necessary seek a programme sharing arrangement with another independent cinema in the region (e.g. DCA) • Build evidence of the ways in which the cinema benefits the local community (defensive measures)
Difficulties attracting volunteers	Medium	<ul style="list-style-type: none"> • Establish a volunteer policy • Identify high value / high skill volunteer positions as well as routine non-skilled positions • Collaborate with local voluntary organisations • Seek advice from Voluntary Arts Scotland 	<ul style="list-style-type: none"> • Ensure senior staff and Trustees are committed to the volunteer policy • Monitor volunteer activity and encourage feedback and participation • Treat volunteers as staff • Aim to offer paid employment for critical tasks / roles
Lack of support from the local community	Low	<ul style="list-style-type: none"> • Provide regular news to the community during the development phase • Build links with community groups • Programme a <u>range</u> of films and other events for opening six months • Invite targeted groups for special events, e.g. 	<ul style="list-style-type: none"> • Develop a community relations plan which aims to build links with specific influential groups • Institute a 'bring a friend free' or a 'recommend to a friend' scheme to encourage new users • Stress the range of

host a local business seminar or social event	facilities available for use by the local community
<ul style="list-style-type: none">• Focus on ways of attracting children, young people and families	<ul style="list-style-type: none">• Ensure that press releases and public relations activities are professionally delivered

9 SWOT

9.1 Strengths

- Modern high-quality new venue
- Extensively re-designed for purpose and efficiency
- State-of-the-art digital cinema projection system with 3D capability
- Breadth of programme
- Community resource
- Local ownership
- Location – prominent town centre site
- Appealing and affordable Fairtrade catering facilities

9.2 Weaknesses

- Single screen limits access to first run films
- Small catchment population
- Operates on modest financial and organisational resources
- Significant reliance on volunteers
- Competition from modern cinemas in Edinburgh, Glasgow and Dundee
- Lack of stage and dressing rooms limits live performance productions

9.3 Opportunities

- Partnership with Breadalbane Academy and other partners (Pitlochry Festival Theatre etc)
- Leisure market in Aberfeldy under-developed especially evening entertainment
- Substantial visitor market to target
- Development of training opportunities on site – Birks as a training resource
- Sponsorship potential – both the building and its activities
- Development of new audiences for cinema (niche markets)

9.4 Threats

- Perth Playhouse under new ownership and may be redeveloped
- Pitlochry Festival Theatre competes for touring drama and music companies and may introduce cinema screenings
- Income targets not met causing cashflow difficulties
- Decline in adjacent facilities – no town centre regeneration
- Increased competition from neighbouring catering facilities
- Decline in local tourist trade
- Local businesses don't use the Birks's facilities
- Failure to obtain liquor licence

10 Appendices

10.1 Appendix 1 – Comparator cinemas

10.1.1 Kino, Hawhurst, Kent

www.kinodigital.co.uk



A single screen 91-seat fully digital cinema in a converted Victoria village hall. This venue consists of two main spaces: the auditorium and the adjacent café bar which incorporates the ticket selling and information point. Additionally there is a general office and a small projection room.

Now in its third year of operation this venue continues to set the standard for a high quality modern redevelopment of a small redundant building in a rural area. The Kino is notable for the intensity of its programming – typically there are 5-6 screenings per day and usually these are all different films.

10.1.2 Lexi Cinema, Kensal Rise, London

www.thelexicinema.co.uk



A recently developed venue in suburban London, this 80-seat venue was developed by a local entrepreneur and like the Kino has adapted a small redundant hall to create a stylish modern cinema. This venue is hampered by an awkward internal layout with the very small bar at the screen end of the cinema which means that at least two staff are required to provide box office and bar service. The cinema has dispensed with a traditional projection room and housed the digital projector in an air conditioned and acoustically isolated box towards the rear of the auditorium, saving space but potentially creating operating and maintenance problems.

The programming is less intensive than at the Kino with a bias towards weekends.



10.1.3 The Station, Richmond, North Yorkshire

www.stationcinema.com



Richmond is a market town in North Yorkshire with a resident population of approximately 8,000. The Station Cinema is part of a larger regeneration project to revitalise the former railway station premises. The local community managed the regeneration project which, in total, cost £2.5 million and has produced a 150-seat open plan café/restaurant, a number of small units for local businesses (micro-brewery, local baker, etc), and the 2-screen cinema. Unlike the other two cinemas above, this is a 2-screen venue using traditional 35mm projection. Each auditorium seats 100 and the programme is more conventional and commercially oriented.

The two-screen configuration allows the operator to screen major new releases at every performance for 7 days while still giving programme variety in the second screen.

The success of this cinema is often attributed to the “destination quality” of The Station complex. It is well located, widely known by local residents, and has been developed as a result of community efforts.

10.1.4 Zeffirelli's & Fellinis Cinemas, Ambleside, The Lake District

www.zeffirellis.com/cinema/

www.fellinisambleside.com/cinema/

Zeffirelli's started 30 years ago with a single screen but has now grown to 4 screens (2 on the original site along with a busy pizzeria, and 2 more in a converted church hall about 100 metres away). Zeffirelli's is "an independent cinema that supports new and emerging talents within the world of cinema and the arts". Currently equipped with one digital projection in one screen, all four screens will soon be fully digital.

The seating capacities of the screens are: 110, 60, 98, 63.



Fellinis is a newly opened single screen, fully digital cinema operated by the same company who run Zeffirelli's. Marketed as the combination of a modern 'Vegeterranean' restaurant catering for the most discerning vegetarian palette with a distinct Mediterranean twist together with a state of the art digital cinema showing the latest arthouse and niche film productions.

Together the five screens and the vitally important catering operations at the three locations in Ambleside represent a highly successful business which provides year-round cultural, entertainment and leisure facilities for residents but also caters for the large number of tourists to the Lake District.

10.1.5 Screen Machine

www.screenmachine.co.uk

The UK's only mobile cinema tours the western isles and highlands of Scotland. It is an 80-seat modern quality cinema auditorium which has operated for the past 5 years with 35mm projection but will, from January 2010, operate purely as a digital cinema with 3D facilities.

Screen Machine tours 22-24 small, remote communities: the largest is Brodick on the Isle of Arran (pop. 3,300) and the smallest have less than 300 residents. The programming is mainly focussed on new release titles but the cinema is sometimes used for film festivals in rural areas.



10.1.6 HMV Curzon, Wimbledon

www.hmvcurzon.com

A new partnership between HMV record stores and specialist cinema operator Curzon Cinemas has resulted in a new generation of niche cinema, the first being in Wimbledon.

The Wimbledon cinema is located directly above the HMV record store and has three colour themed auditoria seating 103, 91 and 71. Each auditorium has a digital projector in an acoustically isolated and ventilated enclosure at the rear and is linked to a master control room which houses the digital servers, sound processors, amplifiers, and other control equipment for all three cinemas. There is no traditional projection room.

The café bar functions as the reception foyer and the whole venue can be operated by one person (who spends most of their time in the café bar selling food and drinks – the majority of tickets are bought on-line in advance).



The following text is from the HMV Curzon web site and gives a good indication of how the cinema positions itself in the cinemagoing marketplace.

Content

We are dedicated to showing you the finest films, whether it's the best of Hollywood or award-winning world cinema. And the movies have never looked or sounded better, with cutting edge BARCO digital projectors and a state of the art sound system designed by Munro Acoustics. Plus with 3D capability, you truly feel part of the film!

Experience

hmvcurzon wants to bring you closer to the film; you can take part in filmmaker discussions, learn more from our film talks and discover that forgotten gem at one-off screenings. Plus via our satellite connection, you can enjoy live opera, theatre and concerts from around the world, as they happen.

Passion

At hmvcurzon we pride ourselves on our customer service, so expect a warm welcome at our venues. We also believe that there is more to cinema than just the film. So our bars are designed to add pleasure and supreme comfort to your excursion, with our special snack range, Berry Brothers wine list and best lagers plus free wi-fi. Best of all, our screens are fully licensed so you can enjoy your drink whilst you take in your chosen film.

Cinema you can fall in love with

We are here to entertain and inspire you. We want you to discover films that matter or simply make you smile and think. So visit our launch hmvcurzon in Wimbledon, get closer and see for yourself.

10.2 Appendix 2 – Digital 3D



10.2.1 3D options

Digital projectors can be used to produce highly effective 3D moving images. A single projector rapidly alternates between images for the left eye and the right eye and the viewer – who currently must wear special spectacles – experiences a vivid 3D image. Audiences have shown considerable interest in 3D and cinemas using these systems during 2007 achieved 2-3 times the attendance levels of 2D cinemas showing the same films.

The four (incompatible) systems currently available are:

System name	Type of spectacles	Type of screen	Digital server	Fee and/or Licence
RealD	Passive. Disposable	Silver	Any	Fee + annual licence
Master Image	Passive. Disposable	Silver	Any	One-off fee
Dolby 3D Digital Cinema	Passive. Reusable	Matt white	Dolby preferred	One-off fee
XpanD	Active. Reusable	Matt white	Any	One-off fee

“Active spectacles” require battery power and must be charged and checked by cinema staff before each performance. “Passive spectacles” do not require power and so are simpler from a cinema management perspective. Reusable spectacles must go through a sterilising wash after each use or antibacterial wipes can be issued to customers to clean their own pair of spectacles.



Pros and cons of each system

The RealD system uses low cost (20p-25p per pair) disposable plastic spectacles which are easy to hand out at the box office *but* the system requires a silver screen which may not be suitable for 2D films. In practice this effect is not always as troublesome as might be expected, especially if one of the newer screen surfaces is used, but specialist advice should be sought before deciding what screen to install.

The Master Image system uses the same disposable spectacles and silver screen used by RealD but instead of requiring payment of an annual licence fee, the Master Image system is available for outright purchase and for this reason is increasingly being preferred to RealD.

The usual cinema screen surface is matt white and in most instances it is not practical to repeatedly switch between a silver and a matt white screen. Multiplexes solve this issue by simply designating an auditorium as a full-time 3D screen. Smaller cinemas normally cannot do this but may opt to install a second matt-white screen which is rolled-down in front of the silver screen.

Both the Dolby and the XpanD systems avoid the problems of silver screens and use matt white or high-gain screens *but* they both use expensive reusable spectacles. The extra costs for the Dolby and XpanD systems are:

- a) Spectacles costing perhaps £15–£30 a pair. Some will break, others may be stolen.
- b) A room may be required for a sterilising screen wash facility. Alternatively customers can be issued with sachets containing sterilising antibacterial wipes.
- c) Extra staff are required to hand out and collect back spectacles as well as carry out the washing / cleaning cycles.

Light loss

All current 3D systems introduce some loss of brightness due to the special projection systems and the spectacles that audiences must wear – it is a bit like watching a film through sun spectacles. Depending on the particular size and characteristics of the auditorium, it may be advisable to install a higher power projector lamp or to install a high-gain screen surface²¹.

Licence fees

Alongside the technical issues each of the systems require licence fees to be paid and these vary considerably in scale and way in which they are levied. These fees may surpass the other operational costs indicated above, making the choice of system more complex.

Costs and benefits

The overall cost of installing 3D systems varies according to the system chosen but may include:

- Upgrades to the digital server
- Licence fees payable once or annually
- Per ticket charges
- Ancillary equipment such as active filters or infra-red transmitters
- Spectacles
- Wash facilities for spectacles
- Storage for spectacles
- Upgraded screen or replacement screen

The final cost for a small size auditorium such as the Birks will probably be in the range £20,000 to £25,000 although, depending on the system, some of this cost may not be incurred immediately. Some of the manufacturers have offered incentive discounted price packages during 2009 but there is no guarantee that similar packages will be available in the future.

²¹ For small auditoria the standard matt white screen surface is usually adequate but high-gain surfaces such as Harkness Screens' Perlux 140, 180 or even 220 may be beneficial and should be discussed with the technical supplier.

The benefit of having 3D installed, especially if it is installed at the outset, is that the cinema will not be perceived as inferior to others such as the cinemas in Perth, Dundee, Edinburgh and Glasgow. The experience of cinemas in 2009 is that when a film is released and marketed as 3D, the majority of the potential audience for the film will expect to be able to see it in 3D and if they can't at their local cinema they may choose to go elsewhere to see the same film (in 3D).

So for the Birks, it will be less a case of attracting additional attendances, although this will occur, and more a way of preventing audiences from choosing other cinemas in the Central Belt.

10.3 Appendix 3 – Pearl & Dean: Target audiences

The two examples below illustrate the kind of audience targeting information available to cinemas when planning marketing activities. The comparative profile information is of particular interest, it compares the current film with a previous film which is considered to appeal to a similar audience.

Pearl & Dean the greatest name in cinema advertising...

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also out 18th Dec 2009
 James Cameron's Avatar
 Nine
 St. Trinian's: The Legend of Fritton's Gold
 Humpday
 film search

film guide...

James Cameron's Avatar
 release date: 18th December 2009

3D release!

price: A+
 estimated box office: £30,000,000
 genre(s): Action, Sci-Fi
 director(s): James Cameron
 film cast: Sam Worthington, Zoe Saldana, Laz Alonso, Sigourney Weaver
 certificate: TBC
 distributor: Twentieth Century Fox

story...
 In the future, Jake, a paraplegic war veteran, is brought to another planet, Pandora, which is inhabited by the Na'vi, a humanoid race with their own language and culture. Those from Earth find themselves at odds with each other and the local culture.

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comparable profile
 Star Wars Episode 1 - The Phantom Menace

age	gender
4-6	0%
7-11	12%
12-14	6%
15-24	22%
25-34	27%
35-44	15%
45+	18%

gender	class
male	60%
female	40%
AB	28%
C1	34%
C2	21%
DE	17%

source: CAVIAR

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 James Cameron's Avatar
 Nine
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film guide...

Nine
 release date: 18th December 2009

price: B+
 estimated box office: £15,000,000
 genre(s): Romance, Musical
 director(s): Rob Marshall
 film cast: Daniel Day-Lewis, Penélope Cruz, Nicole Kidman, Judi Dench
 certificate:
 distributor: Entertainment

story...
 Famous film director Guido Contini struggles to find harmony in his professional and personal lives, as he engages in dramatic relationships with his wife, his mistress, his muse, his agent, and his mother.

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comparable profile
 Chicago

age	gender
4-6	0%
7-11	0%
12-14	0%
15-24	21%
25-34	19%
35-44	11%
45+	49%

gender	class
male	38%
female	62%
AB	37%
C1	33%
C2	12%
DE	18%

source: CAVIAR

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