

ECONOMIC INTEL. UNIT CASE STUDY CURTAIN CALL

The Challenge

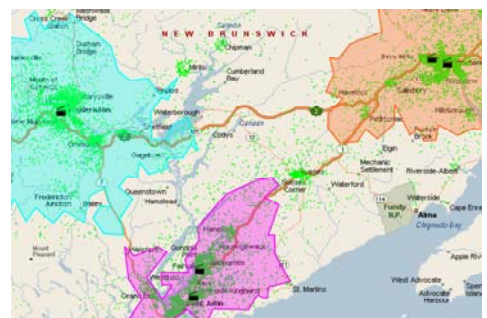
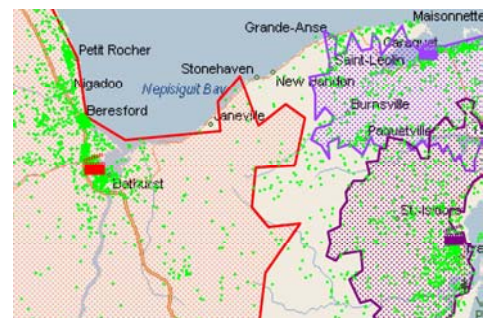
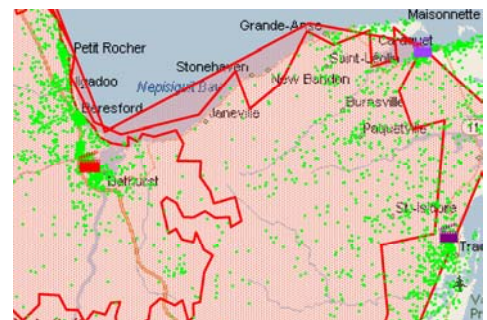
The Apollo, a small town, independent movie theatre, was faced with the compound challenge of increased competition in a market suffering from a declining population...and an ever increasing property tax bill. Built at a time when there were no movie theatres within a 90 minute drive, and in a bilingual region, the Apollo was designed with five screens to accommodate both French and English movie goers...pushing the limits of its marketplace even before the arrival of additional movie theatre supply in the area. The owners needed the hard facts on the changes to their marketplace in order to assess their position, hopefully reduce their realty tax load and analyze the options for the future of their business. Traditional data sources though, do not disseminate information for small geographic areas, and as trail blazers in the region, they needed to find alternate sources of current cinema demographic and financial figures in order to crunch the numbers. They turned to Turner Drake for help.

Turner Drake's Approach

Turner Drake's team started by exhaustively researching the ideal demand for a successful movie theatre: how many people are needed per screen to support a movie theatre, who are the ideal customers, how far are people willing to drive to see a movie? This information had to be adapted to suit a small town and rural marketplace, where necessarily longer drive times to the theatre mean that competition can be located further afield than it would be in the large American cities where most market research is conducted. In order to regionalise their research, Turner Drake used a Geographic Information System (GIS) to plot the urban movie theatres in the province, together with driving times, and extracted the demographics to see what conditions were present in a good local working model. The team plotted the subject movie theatre and the surrounding area accessible within a variety of driving times and pulled out geographically specific demographic information for the movie theatre prior to the construction of new, competing theatres. They then geocoded the four newer theatres in the region, determined the extent of their driving time trade areas, and plotted the reduced trade area of the subject theatre...and the subsequent reduction in customer base resulting from the new competition.

Winning Results

With customized data from their GIS and expertise in the field of movie theatre demographics, Turner Drake was able to produce an after-the-fact Supply and Demand analysis to support a substantial reduction in the assessed value before the New Brunswick Assessment Review Board.



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