

CINEWORLD/CITY SCREEN MERGER INQUIRY

Summary of hearing with the Institute of Contemporary Arts held on 5 June 2013

Background

1. The Institute of Contemporary Arts (ICA) operated a two-screen cinema with a total of 231 seats. It offered commercial new-release film screenings, preceded by trailers and advertising supplied by Pearl & Dean, EE, Volkswagen and Europa Cinemas. It also hosted repertory screenings, film festivals, film seasons, its Artists' Film Club, frequent Q&A events, ICA talks and academic symposia. ICA also made these two screens available for private hire events. The first screen opened in 1968 and the second in the 1990s. There was a refurbishment in 2011. The screens were equipped to show a wide range of films, including 35mm and 16mm as well as digital, a capacity probably unmatched except by the BFI.
2. In addition to the cinema, the ICA had two gallery spaces, a theatre space, a café-bar and a bookshop.

Programming

3. The ICA's programming was done by a combination of its in-house team and regular consultation with its external cinema programming provider, City Screen Virtual (CSV). ICA's Executive Director maintained ultimate control over the decisions and CSV would book the films chosen by the ICA. The programme was reviewed every week and the ICA would see what comparable cinemas in its area were showing in order to decide whether to exhibit a film or extend its run.
4. The ICA put together in-house seasons and that some films would be booked some time ahead. In respect of new releases, a lot of its information came from its relationship with CSV, but it also received information from the Film Distributors' Association and its staff regularly attended film festivals. The ICA said that it would be able to switch from CSV to another programmer or to in-house programming if it wished to, and that this would not lead to any difficulties accessing films from its normal distributors.
5. [REDACTED]

Marketing and advertising

6. The ICA had a quarterly brochure which featured highlights and special events from the cinema programme; a weekly film e-newsletter for subscribers; bi-monthly book-marks promoting events in the cinema; regular e-flyers promoting individual events to targeted audiences; a dedicated monthly Artists' Film Club email; in-house posters which were displayed in its foyer; and daily promotion on Twitter and Facebook.
7. It also occasionally produced print advertising and placed occasional online advertising.

Understanding customer behaviour

8. The ICA had around 6,939 members and around 18,100 people received its weekly film mailing. Members were offered a free members' cinema screening every month as well as discounts on ticket prices.
9. The ICA monitored customers' preferences through daily and weekly box-office reports and pre-sale evaluations; a visitor book; email enquiries and responses; monitoring of social media responses to its programme; and occasional surveys.
10. It was aware that some of its members travelled long distances to attend its events, which was due to its unusual programme.

Revenues and earnings

11. Ticket prices, including offers, were based on both daily and weekly box-office sales reports and information about ticket prices at comparable cinemas and arts venues in the local area.
12. The bar/café was run by a separate company, which determined pricing levels for food and drink with some input from the ICA. It was not clear whether there was any interaction between the price of food and beverages and the likelihood of people attending the cinema.

Competition with the merger parties and others

13. The ICA showed some mainstream releases, but not usually in the opening weeks. It could not guarantee enough screenings or a big enough audience to meet the criteria of distributors of this type of film. However, the ICA's remit deliberately included screen-talks and symposia, and the showing of mainstream films was not its main function in the cultural community.
14. The ICA monitored its performance by comparison with the other London art-house cinemas, for example using Rentrak data, but the monitoring was not formal.

Market entry and expansion

15. The ICA had a good relationship with its local authority, Westminster Council, and its licences would allow it to open a further cinema within its premises if it wished to. The main costs of expansion would be buildings and equipment. It was still in the process of building its audience for its current two screens and was not in a position to consider expansion by acquisition.

Impact of the merger

16. The ICA did not expect the merger to affect its relationship with CSV and its team and indeed had received assurances that it would not do so.