



## Cineplex Taking a Page From Netflix's Playbook

### Description

*By: Christine Conway*

**Cineplex** ([TSX: CGX](#)) is the largest movie theatre chain in Canada, spreading across the country under the familiar banners: Cineplex Odeon, Galaxy, Famous Players, Colossus, Coliseum, SilverCity, Cinema City, and Scotiabank Theatres. **Netflix** ([Nasdaq: NFLX](#)) is the largest movie rental subscription service in the U.S. What do the two companies have in common? Cineplex's increased interest in the at-home and mobile market.

### Movies from the comfort of home

For years now, Netflix has capitalized on the nights you'd rather stay in. No dressing up, overpriced popcorn, and that annoying guy a few rows over who keeps laughing loudly and checking his cell phone. And the company has grown exponentially.

Cineplex recently announced a discount model of online movie streaming as well.

### Laying the groundwork

At the end of 2012, Cineplex made it one of its key strategic priorities to "expand its presence as an entertainment destination for Canadians, in-theatre, in-home and on-the-go."

First, it needed to lay the groundwork. It launched the Apple Mac streaming capabilities and UltraViolet redemption in the Cineplex store. The Cineplex store app was also added to LG smart TVs, as well as Samsung smart TVs and Blu-Ray players. By the end of Q2 2013, the mobile app had been downloaded over 6.5 million times and users have the ability to stream a purchased film on a number of different devices.

### A New Spin on a Popular Program

Cineplex has been offering a promotion where older movies were played in theatres on Tuesdays for \$2.50. The new program is called Digital Tuesdays, and Cineplex's online store will offer the rental of

standard definition movies, to be viewed at home (or wherever it can be streamed) for \$2.50. The high-definition movies cost more, but will be given a discount of \$2.50. The bottom line is that Cineplex is offering compelling prices to get customers to sign up and use their at-home movie rental services.

## Cineplex and Netflix

The Canadian version of Netflix has older stock and a diminished selection, as compared to its American counterpart. Cineplex's advantage will lie with its ability to rent movies that are newly released to video. It even has a superticket program which will make select films available for download before the DVD and blue-ray versions are released.

## Conclusion

Netflix's growth has been well documented and much of it has to do with the company's 38 Million members spread across 40 countries – as well as the hook of one low monthly subscription with unlimited viewing. In comparison, Cineplex's priority of the at-home and mobile market is still relatively new. However, it's encouraging to see that they have placed strategic importance on the expansion of the at-home and mobile market.

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1. Investing

## TICKERS GLOBAL

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