



## Cineplex Inc. Continues to Innovate and Grow

### Description

**Cineplex Inc.** ([TSX:CGX](#)) has evolved considerably from the stereotypical movie and popcorn business model.

At first glance, just looking at the sheer number of ways a customer can watch the latest blockbuster movies without physically stepping into a theatre is reason enough to question Cineplex or any other movie company as a viable investment.

Aptly referred to as an entertainment company, Cineplex has introduced several innovations to reinvigorate and modernize the traditional movie business, as well as branch out into other emerging areas of the entertainment industry that best make use of the vast property that Cineplex owns.

Here's a look at some of those innovations, and why Cineplex should be part of your portfolio.

### More than a movie company

What continues to impress me about Cineplex is the simplicity in which the company has innovated to create new revenue streams. While the admission price still provides the bulk of Cineplex's revenue, that figure is slowly being distributed to other areas such as concessions.

Finding more ways to get people into the theatres for longer periods of time, and getting those people to buy more concessions are the two key objectives that Cineplex continues to target.

Cineplex's VIP experience provides customers with a completely upgraded experience for movie-goers, with larger recliner style seats, a chef inspired menu and wine list offered in lieu of standard movie seating, popcorn, and soft drinks. Even the waiting area for VIP customers provides an upgrade for customers.

Another intriguing development by Cineplex is the Rec Room concept. The Rec Room is a large, configurable, multi-purpose room which can be set up to host any number of events, from small gatherings or birthday parties all the way to corporate catered events. As with the movie business, the idea is the same: get customers in, and offer them concessions.

Perhaps the most impressive development by Cineplex is the company's entry into the eSports realm. Most people may not realize it, but hosting events to watch players participate in online games is a huge business that, in some parts of the world, draws in thousands of viewers and billions in revenue.

eSports is still very much in the early stages of adoption in Canada, but that hasn't stopped Cineplex from acquiring World Gaming a few years ago, which has allowed Cineplex to host gaming events onsite in theatres and once again, provide concessions to customers.

### **What about the traditional movie business?**

Despite the advent of nearly endless streaming options for watching movies, the traditional movie and popcorn business that Cineplex offers is far from obsolete. In fact, the company continues to see strong attendance, fueled in part by a string of blockbuster films being released. The Star Wars movies, Marvel Superhero movies and more recently D.C. Comics movies have continued to draw in huge audiences, and with no less than 12 highly anticipated blockbusters planned to be released over the next year, Cineplex will no doubt continue to see strong attendance and revenue numbers over the next few quarters.

### **Is Cineplex a good investment?**

Cineplex has done a brilliant job in rejuvenating the traditional movie business model and has made several smart investments over the past few years that will allow the company to diversify into a full-fledged entertainment company with multiple revenue streams and become less reliant on the movie business alone.

This factor alone should provide long-term investors with enough to consider a position in the company. Income-seeking investors will also be pleased with the monthly \$0.135 dividend that Cineplex offers, which translates into a healthy 3.08% yield.

In my opinion, Cineplex makes a great addition to nearly any portfolio.

### **CATEGORY**

1. Dividend Stocks
2. Investing

### **TICKERS GLOBAL**

1. TSX:CGX (Cineplex Inc.)

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dafxentiou

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