



## Netflix Inc.'s Bombshell Announcement Leaves This Canadian Company in the Cold

### Description

**Cineplex Inc.** ([TSX:CGX](#)) has been an impressive growth stalwart in the past, but it doesn't matter how much management is able to innovate or cut costs over the medium term anymore. The company will still be at the [mercy of Hollywood](#), and looking into the new year, it looks like another year of box office dry-ups, which will be exacerbated by **Netflix Inc.** ([NASDAQ:NFLX](#)) and its straight-to-stream movie offerings, which may come at a quicker rate.

If you caught the Super Bowl this year, then you probably caught the much-anticipated *Cloverfield Paradox* trailer and the shocking news that the movie would be on Netflix shortly after the Super Bowl was finished.

There was speculation that the film would go straight to Netflix; however, for many who weren't keeping up to date on the latest rumours, it was an absolute bombshell announcement — and one which likely cancelled plans to go to a theatre to catch a film that Sunday evening. I know I was planning to head out to the local Cineplex following the Super Bowl, but with *Cloverfield Paradox* heading straight to Netflix, my evening plans changed instantly.

### **Netflix is already a threat to Cineplex, but is stream to stream the future of how movies will be released?**

Netflix has been around for quite a while now, and many Cineplex shareholders have already considered its immense disruption as a part of their long-term investment thesis; however, there are many more reasons to believe that the disruption from video streamers will only mount in the years ahead.

Netflix recently made a splash with higher-budget standalone films *Bright* and *Cloverfield Paradox* over the last few months. I believe such "theatre-quality" movies being released on streaming platforms may be the way of the future, which means movie theatres could go the way of the drive-in movie theatre over the next decade.

## The movie theatre concept hasn't really changed over the last decade

We're in a stay-at-home economy where a consumer can meet almost all of their [entertainment needs](#) without needing to leave the house. They can stream a wide array of movies on Netflix, read any magazine on Texture by NextIssue, borrow any eBook or audiobook on their smartphones using the Libby by Overdrive app, download a video game through their consoles, and get anything physical item shipped to them overnight through **Amazon.com, Inc.** And then there's physically getting in a vehicle to go to the movie theatre to catch a film that you're probably not dying to see, while resisting the temptation to purchase marked-up junk food that's going to slim your wallet while fattening up your gut.

Millennials have become the generation that firms need to cater to, and let's face it, the primitive movie theatre experience is likely quickly going to become a thing of the past, especially as streaming platforms up their exclusive content budgets. It's an uphill battle for movie theatre operators, and not even the availability of avocado toast served at classy VIP cinema will provide any sort of relief.

In addition, for the average family, going to the movies is really expensive. The last thing indebted Canadians families need to be doing is blowing over \$100 on Ultra AVX tickets to go with popcorn-and-soda combos. I'm sure you'd agree that there haven't been any "must-see" movies that have warranted such a premium price tag, even though your Scene points may be racking up.

Thankfully, Scene points can be used at **Cara Operations Ltd.** (TSX:CARA) restaurants, since I, like many other Canadians, am not keen on seeing any movies that have been in theatres over the past few months (other than *Star Wars*, of course).

Stay hungry. Stay Foolish.

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