

Entertainment Media Performance

Reports Covering 2012

(For earlier years, see “Notes” heading below.)

Historically, during a number of economic downturns, the global entertainment industry has experienced increased growth and revenues compared to other industry segments. The main reason purported by analysts: All societal segments desire and seek ways to divert their attention from any existing negative socioeconomic pressures or events.

However, since early November 2010 and lasting through the first two weekends in April 2011, the North American (Canadian and the U.S.) Box Office performed poorly – ranging from 3% to 48% below previous year periods. Also in other countries around the globe, revenue statistics were down from previous years.

And, since last mid April 2011, respective “weekend” theater performances in the U.S. and Canada have been mixed, as reported during 2011. For all of 2011, the overall box-office performance (as measured in estimated gross receipts) in Canada and the U.S. was down by 4%. (For 2011 details, see the [Reports Cover Page](#).)

Note: Thru the first weekend in March 2012 (comprising nine weekends), the estimated North American Box-Office revenues were up by some 19.9% over the same period of 2011. Yet, it might be pointed out that, compared to the same nine weekends of 2010, the 2011 “overall” movie revenues were down some 32.5%. Or, viewed from another perspective, respective 2012 receipts were off 7.1% compared to 2010. (For 2010 thru 2012, “overall” revenues reported by Box Office Mojo were, respectively, \$1,466.5 M; \$1,137.2 M; and \$1,363.1 M.)

In the future, although some weekend data undoubtedly will reflect an “uptick,” many media analysts have observed that although **“historically, demonstrating to be almost totally recession proof,” theater performance around the world will likely continue to be “negatively impacted” by the “growing selection of new movie-delivery alternatives” that are becoming “more convenient as well as more cost effective for the consumer.”**

For your information and convenience, arranged in chronological order – with the most recent date on top, the latest stats along with various commentary from industry insiders and experts as well as the general media news follow.

Notes

To review or briefly scan the content of various reports from earlier years (2008 thru 2011), visit the [Reports Cover](#).

This information has been assembled by [Resource Holdings International Corp.](#) and is deemed to be accurate as so presented or cited by the various original sources indicated. See also the Important Notices at the end hereof.

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Biggest-Ever Theater Weekend for a Debuting Movie

9 May 2012, [Box Office Mojo](#), [moviefone](#), [xfinity / Comcast](#) and RESOURCE

Relative to last weekend’s (4 thru 6 May) theater performance in Canada and the U.S., the **‘Avengers’ Smashes Records** – as was reported (being updated last Monday afternoon) by Box Office Mojo that, in part, further stated:

“It’s been clear for a while that The Avengers would be a box office success, though few people could have foreseen this opening. The superhero team-up got off to an unprecedented \$207.4 million start this weekend, which obliterates the previous all-time weekend record set by Harry Potter and the Deathly Hallows Part 2 last Summer (\$169.2 million).

“While it fell short of setting a new opening day record (that still belongs to Potter), The Avengers was responsible for new high marks in most other major categories. It was the fastest movie ever to reach \$100 million, \$150 million, and \$200 million, and it set new records for Saturday (\$69.6 million) and Sunday (\$57.1 million) grosses. It also had the

highest per-theater average ever for a nationwide release with \$47,698.” (The full article might be accessed here:)

<http://boxofficemojo.com/news/?id=3438&p=.htm>

Note: Reportedly, as of last Monday afternoon, **“The Avengers” movie earned some \$500 M just in the “international” marketplace.**

In another shorter article, moviefone posted this observation:

“The release of “Avengers” kick-starts the summer movie season, and if a new box-office record is the opening salvo, it will be a hard fought battle for movies like “The Dark Knight Rises.”” (More of the short article may be read here:)

http://news.moviefone.com/2012/05/06/avengers-box-office-report_n_1489996.html

Lastly, for an informative and brief **slide show with film scenes or poster ads** relating to the **“Top 10 All-Time Opening Weekends,”** visit this xfinity / Comcast Website link:

<http://xfinity.comcast.net/slideshow/entertainment-topopeningweekends/1/>

North American (U.S. and Canada) Box Office Off Near 11% in April

1 May 2012, [Box Office Mojo](#) and RESOURCE

Relative to the estimate “overall three-day-weekend” theater receipts, **although April 2011* was up 3.0% over the same period for April 2010 (for the same “four-weekend” periods for “weeks 14 through 17” of each year), April 2012 revenues – compared to 2011 – were down 10.6%.** (Respectively for 2012; 2011; and, 2010 [as reported by Mojo], estimated “overall-movie” inflows were \$484.3 M; \$541.5 M; and, \$525.5 M.)

* Note: Beginning in about November of 2010, North American theater revenues continued to drop through March 2011 – as compared to prior-year weekends or monthly time frames. In the end, 2011 was off some 4% over 2010.

The MPAA “Movie-Rating” System – How It Continues to Evolve

26 April 2012, [moviefone](#) and RESOURCE

Over past years, much has been written or said concerning the process of rating various movies – i.e., specifically concerning the **“ratings creep”** that has occurred in the industry over time. And, as has been reported previously herein, studios have often “tweaked” scenes to move “preliminary” ratings from “R” to “PG-13” – where, as is clearly understood by Hollywood, the “latter-rated” movies typically earn more revenues than those of the former ranking.

Regarding this topic, below is a copy of a brief article by moviefone – outlining how things have changed since 1927.

“When the Motion Picture Association of America makes news, it’s usually for something negative. Take, for instance, [the recent ratings fiasco surrounding the documentary “Bully.”](#) For those who don’t know, the film was originally rated R due to profanity. Obviously, this didn’t go over too well with the studio, who were looking to get the anti-bullying PSA (Public Service Ad, sic) seen by children across the country.

“The “Bully” incident isn’t the first time the MPAA has flexed their muscles. Since 1922, the Motion Picture Association of America has tried to curb the use of things deemed offensive. Just how offensive, you ask? Let’s find out.

“In **1927**, the MPAA (or, as it was known at the time, the Motion Picture Producers and Distributors of America) produced a list of **“The Dont’s and Be Carefuls,”** a rundown of things that should be avoided in future movies. Now, before you go crying Big Brother, there were a few good suggestions (i.e. the one that banned underage nudity). **However, the rest of the guidelines are, by today’s standards, absolutely hysterical.**

“Below, we’ve listed nine of **“The Dont’s and Be Carefuls,”** (slide show format, sic) along with a movie scene that ended up breaking each of them. You can read the entire list of proposed rules over on [Lists of Note.](#)”

Along with accessing the above two embedded links, to review more of the article and video clips, visit this link:

http://news.moviefone.com/2012/04/26/mpaa-system-movie-theater-rules_n_1455946.html?icid=main-grid7|netscapeId3|sec1_Ink3%26pLid%3D155948

The “Ever-Changing” Media Marketplace

10 April 2012, [Frankfurter Allgemeine Zeitung \(FAZ\)](#) and RESOURCE

Relative to the **“ever-evolving” media and entertainment marketplaces**, recent articles published in the German FAZ contained these relevant comments and statistics.

1. In an article dated 5 April 2012, it was reported that, **in America, “more and more folks are viewing movies online.”**

Specifically, it was noted that, **last year, there were 1.4 billion movies either purchased or rented via the Internet. And, for this year, that number is expected to reach 3.4 billion – a 242.9% increase.** In part, the rapidly-expanding **“i-tablet” marketplace** is driving this dynamic “viewership” trend.

Further, **the number of films sold or rented via “DVD” or “Blu-ray” venues are forecast to drop from 2.6 billion in 2011 to 2.4 billion this year.**

Lastly, **the number of “online” viewers in America grew from 27.9 million in 2010 to 59.6 million in 2011 – a 213.6% increase. And, for 2012 compared to last year, a growth rate of some 30% is predicted by analysts.**

2. Then, in two other FAZ articles published 27 and 22 March 2012, the following related topics were presented.

First, the impressive North American commercial success of **“The Hunger Games”** was briefly reviewed. Although, during the film’s opening weekend in Germany, theater visitors in Germany numbered some 390,000 – **far from being any real “record breaker” there. Yet, as was implied, with Lions Gate Entertainment Corp. planning two “follow-on” or “sequel” productions, the “Hunger franchise” will undoubtedly prove highly profitable.**

And, second, relative to a **“movie-profits” (or “investor”) perspective**, a more lengthy article reviewed the **“legendarily-successful” (“activist”) investor, Carl Icahn – who, at one point, owned 33% of Lions Gate’s stock (NYSE: LGF). He should not have sold – since (as of this date), over the past year, the company’s shares are up some 88% – having hit a low point of \$5.77 (24 May 2011) and a high of \$16.19 (21 March 2012).**

(Yet, as observed by [Deadline.Com](#), **Mr. Icahn is not hurting financially – since his investment portfolio increased some 35% during 2011.**)

3. Lastly, in a 27 March 2012 FAZ article, being a short **“statistical” clip**, it was noted that, **on average during the 2011 year, Germans only visited movie houses 1.6 times – reportedly, being the lowest in the EU area.**

The average attendance reported for the EU group of countries was 1.9 times. And, the top three were the Irish, French and English at, respectively, 3.6; 3.4; and, 2.7 times.

Thanks to “Family-Friendly” Genre, Some Hollywood Execs are Smiling

6 April, [Deseret News](#) and RESOURCE

In an article entitled **“A look back at the films of the last three months”** (authored by Jeffrey Peterson for the Deseret News), among other commentary were these observations:

“Meteorologists would probably disagree, but the recent blustery weather could just be the collective sigh of relief from movie studio executives and theater owners after seeing the first quarter results for 2012. Last year, movie theater attendance dipped to a 15-year low, prompting doom-and-gloom predictions for an already-troubled industry.

“If the first three months of 2012 prove anything, though, it’s that Americans will still turn out in droves to support their favorite films. With only one exception, every weekend so far this year has seen an improvement in ticket sales from the same time a year ago, with a total box-office gross exceeding \$2 billion according to boxofficemojo.com — an increase of almost 30 * percent over the first quarter in 2011.*

“Some of the biggest box-office successes have actually been family films. It’s no secret that G, PG and PG-13 movies frequently out earn their R-rated competition. This year is no different.”

To read more of Mr. Peterson’s informative commentary, the full article (including pictures) may be accessed here:

<http://www.resourceholdingsintl.com/2012.first.quarter.movies.pdf>

*** Note: Relative to the above-cited performance (re: Box Office Mojo’s ONLY WEEKEND “overall-movie” revenues – as analyzed by RESOURCE) – with the First Quarter of 2012 actually being up over that of 2011 by 21.4% (not that “almost 30%,” as stated above), it might also be observed that the First Quarter of 2011 compared to that of 2010 was off by 21.2%.**

So, as calculated by RESOURCE, 2012 is yet down by 4.4% compared to corresponding 2010 First-Quarter data. (Here, with each “quarter period” consisting basically of 13 weekends, the Mojo-based “overall” revenue totals are: 2012 – \$1,976.6 M; 2011 – \$1,628.0 M; and, 2010 – \$2,066.7 M.)

Lastly here, one might observe that the above data (as reported by Box Office Mojo and which have been subsequently analyzed above) represent only “THREE-DAY” (or, as applicable, “FOUR-DAY-HOLIDAY” [Friday thru Monday]) WEEKENDS.

Obviously, the main reason “weekends” are of particular interest to the movie industry is because that is when most studios debut their film productions – i.e., being the best timing to attract most movie fans who are expecting or searching for some “weekend” entertainment.

Although also tracked and reported by Mojo, the estimated North American (Canada and U.S.) revenue data for the entire “seven days” in each of the “13-week” or “quarterly” periods have not been presented or included in the above analyses.

March Ends “Up” at North American Theaters

3 April 2012, [Box Office Mojo](#) and RESOURCE

Concerning the last three weekends in March (including 1 April), as respectively excerpted, Mojo reports the following:

30 March - 1 April:

“Box office phenomenon The Hunger Games was once again the undisputed champ this weekend, as it had little difficulty fending off unimpressive fantasy flicks Wrath of the Titans and Mirror Mirror. With that strong holdover performance, and two newcomers combining for over \$50 million, the Top 12 earned \$140.4 million (a 23 percent improvement over the same period last year).”

23-25 March:

“The odds were definitely in The Hunger Games favor this weekend: the big screen adaptation of the immensely popular young adult novel opened to an enormous \$152.5 million, which ranks third all-time behind Harry Potter and the Deathly Hallows Part 2 (\$169.2 million) and The Dark Knight (\$158.4 million). Remarkably, it debuted above all of the Twilight movies, and it also topped Alice in Wonderland (\$116.1 million) for highest debut ever for a non-sequel.

“Among all the impressive Hunger Games statistics, two lesser-discussed ones are worth highlighting. First, the movie had an incredible hold on Saturday — it only fell 25 percent to \$50.4 million, which ranks behind

Spider-Man 3 (\$51.3 million). This suggests that demand for The Hunger Games exists across a wide array of moviegoers, and isn't just rooted in the type of rabid fans that drove the front-loaded openings for recent Harry Potter and Twilight movies.

“The other crazy statistic is one that should result in a noteworthy spike in champagne sales in Santa Monica, California this week — after just over two days in theaters, The Hunger Games has already passed Fahrenheit 9/11 (\$119.2 million) to become Lionsgate's highest-grossing movie ever.

“Knowing that they had something special on their hands, the company went all-in with one of their most expensive productions ever (just under \$80 million after tax rebates). Lionsgate followed that up with a nicely targeted marketing effort that consistently built up anticipation until it reached a fevered level over the past month. Aside from just reaching out to fans of the book, though, they went a step further by clearly outlining the high stakes and making the movie seem accessible and interesting to a broad range of potential moviegoers.”

And, lastly, this excerpt:

“Thanks to the mammoth movie in first place, the Top 12 earned \$203.8 million this weekend. That's the ninth-highest aggregated weekend ever, and first all-time in the month of March.”

16-18 March:

“With only one major new release, though, overall box office was down around four percent from last year, making this the first weekend of 2012 that declined year-over-year.”

Fox News Reports on “Faith-Based” Movies

15 March 2012, [Fox News](#), GAP and RESOURCE

Today, GAP referenced **Fox News'** recent article entitled: “**Faith-based films made more money in 2011 than their left-leaning counterparts, report says.**”

In its 12-March posting, Fox began with a question and followed up with an answer, namely:

What's a good recipe for box office and DVD sales success? It seems in 2011, pro-America sentiment mixed with conservative values and faith-centered themes equaled a hit.

The informative writeup or brief analysis of a **760-page report on the subject** can be accessed via this link:

<http://www.resourceholdingsintl.com/Fox.faith-based.films.2011.pdf>

Estimated “Overall” Weekend Revenues Up 6%

14 March 2012, [Box Office Mojo](#), API and RESOURCE

For the past weekend (9-11 March), Box Office Mojo's update began with this paragraph:

“After months upon months of box office speculation, **John Carter** (a PG-13 movie with real as well as animated characters, sic) finally opened and as expected was a huge disappointment. The mega-budget (\$250 M, sic) sci-fi epic wasn't even able to unseat **The Lorax**, which held first place for the second-straight weekend. The other openers, **Silent House** (R-Rated, horror genre, sic) and **A Thousand Words** (PG-13, comedy / drama), also performed poorly on a weekend where **overall box office was at around \$137 million (up just six percent from last year).**”

(Respectively, those latter two film debuts were in fifth and sixth place, only earning \$6.7 M and \$6.2 M. **Project X** and **Act of Valor** garnered the third and fourth positions with \$11.1 M and \$7.0 M.)

Further, in a short article ('**LORAX**' TRUMPS '**JOHN CARTER**'), API (Los Angeles) rendered this brief commentary concerning the past weekend.

"Dr. Seuss' the Lorax" has easily beaten Edgar Rice Burroughs' "John Carter" at the weekend box office.

Studio estimates Sunday put the "The Lorax" at No.1 for the second-straight weekend as the animated adventure based on the children's book took in \$39.1 million. That raised its 10-day domestic totals to \$122 million, making the "The Lorax" the year's top-grossing release.

"John Carter," based on "Tarzan" creator Burroughs' tales of the interplanetary adventurer, opened in second-place with \$30.6 million. That's an awful start given the whopping \$250 million that Disney reportedly spent to make "John Carter," which also earned generally poor reviews that will hurt its long-term prospects."

Note: As was similarly analyzed or compared by RESOURCE (in the below "5-March" posting for the "first nine weeks of the year"), **thru the second weekend of March 2012 (comprising ten weekends of ticket sales), estimated North American Box-Office revenues were up by some 18.4% over the same period of 2011.**

However, it might again be pointed out that, when compared to the same ten weekends of 2010 (January and into the second weekend of March), the 2011 estimated "overall" movie revenues were down by some 21.5%.

Therefore, as analyzed from another perspective, corresponding 2012 "ten-weekend" receipts were again off 7.1% compared to 2010. (For 2010; 2011; and, 2012, "overall" revenues for those ten-week periods, as reported by Box Office Mojo, were, respectively, \$1,614.0 M; \$1,266.6 M; and \$1,499.5 M.)

Box Office Revenues in the U.S. and Canada Continue Upward Trend

5 March 2012, [Box Office Mojo](#), API and RESOURCE

Regarding last weekend (2-4 March), Mojo's update, entitled **Little 'Lorax' Is Box Office Giant**, presented (among other commentary and stats) these particulars:

"Combining a strong brand and an impressive marketing effort, The Lorax crushed even the wildest expectations with one of the best opening weekends ever for an animated (PG, sic) movie. Project X (R-Rated, sic) also had a respectable debut on a weekend where overall grosses topped \$167 million, which is up 25 percent from the same frame last year.

"Dr. Seuss' The Lorax opened to \$70.2 million, which is by far the best opening of the year. It's also the eighth-highest debut ever for an animated movie and fourth-best for a non-sequel

"Exit polling indicated that parents and children 12 years of age and under represented 68 percent of the audience. The movie received a strong "A" CinemaScore, and since it's really the only major family entertainment for at least three weeks it should be in line for a lot more money.

"3D presentations accounted for roughly 52 percent of ticket sales, and IMAX contributed an estimated \$5.4 million (8 percent, most or all of which is included in the 3D share)."

Furthermore, relative to other comparatives (as tallied by RESOURCE), **thru the first weekend in March 2012 (comprising nine weekends of ticket sales), the estimated North American Box-Office revenues were up by some 19.9% over the same period of 2011.**

However, it might be pointed out that, compared to the same nine weekends of 2010 (January and into the first weekend of March), the 2011 estimated North American "overall" movie revenues were down by some 22.5%.

Thus, as might be viewed from another perspective, corresponding 2012 "nine-weekend" receipts were off 7.1% compared to those for 2010. (For 2010; 2011; and, 2012, "overall" revenues reported by Box Office Mojo for those nine-week periods were, respectively, \$1,466.5 M; \$1,137.2 M; and \$1,363.1 M.)

Also reporting on the first weekend of March, API (Los Angeles) published the following short article:

“THE LORAX” CLEANS UP AT THE BOX OFFICE

“Dr. Seuss’ “The Lorax” had a bountiful box office opening, earning \$70.7 million in its first weekend to score the biggest debut of the year.

“The 3-D animated family film from Universal Pictures, featuring the voices of Danny DeVito, Zac Efron and Taylor Swift, is based on Seuss’ cautionary fable about the importance of preserving the environment. Of its opening haul, \$5.4 million, or 8 percent, came from IMAX screens, which is on the high side for a family film.

“Coming in second place with a strong debut was the R-rated comedy “Project X,” about a trio of high school misfits who throw a raging party in hopes of becoming popular. The Warner Bros. Film made nearly \$21 million.”

Note: The above Mojo and API commentaries / comparatives underscore the known fact that “family-friendly-themed” movies (in this case, **The Thorax** being **PG-Rated**) typically out perform R as well as many PG-13 movies – i.e., particularly, those in the latter category that “cut a fine line” or present that “movie-rating creep” (as has been historically observed) and which films, thus, are considered by many viewers to be really “R-Rated” genre.

February Ending Awards Hollywood Another “Pleasing” Weekend – Up Some 20%

29 February 2012, [Box Office Mojo](#) and RESOURCE

The former commented: “Starring a group of “active duty Navy SEALs,” **Act of Valor** trounced a handful of movies with major names attached this weekend. The movie wound up in first place with \$24.5 million from 3,039 locations, which is just a little bit less than **Tyler Perry’s Good Deeds**, **Wanderlust** and **Gone** (the next three “top-earners,” sic) made combined. **Overall box office was at over \$132 million this weekend, which is up a whopping 20 percent from the same frame last year.**

North American Box Office Up First Three February Weekends

23 February 2012, [Box Office Mojo](#) and RESOURCE

Reporting on the last three weekends (respectively below, **18-20** [the four-day President’s Holiday]; **10-12**; and, **3-5** February), Box Office Mojo made the following observations:

“For the four-day weekend, the Top 12 earned \$171.5 million, which is a 10 percent improvement from the same weekend last year.”

“With four movies opening to over \$20 million for only the second time in history, it was a very good weekend to be in the movie business.”

“Even with most people distracted by the Giants or Patriots or whatever elaborate game-day dish they had been working on, this weekend still marked the first time in history that two movies opened above \$20 million against the Super Bowl. . . . Total box office came in at over \$115.7 million, which is a 32.5 percent improvement from Super Bowl 2011.”

Again, with all being “up,” the respective estimated performance numbers for the above weekends were:

The “Top-Twelve” Movies: 10.2%; 28.3%; and, 28.2%

“Overall” Box-Office Receipts: 11.3%; 28.4%; and, 32.5%

Hollywood Apparently Going after “Family-Friendly” at the Oscars

3 February 2012, Deseret News (DN) and RESOURCE

In a DN article ("**PG-12 films dominate Oscar Nominations**" – dated 30 January 2012 – but published on 3 February), one might infer that **those Hollywood folks certainly do realize where the money is – since more than half of the nominations went to movies rated PG and PG-13.**

Thus, the added media publicity surrounding those films will drive more "residual" earnings (box-office ticket and DVD sales / rentals) in the weeks to come – helping Hollywood off-set last year's poor performance.

FYC, the short DN article is copied below, with added "**bolding**" by RESOURCE.

PG-13 films dominate Oscar nominations

Published Monday, January 30, 2012 ([Inserted on 3 February 2012, Page C6.](#))

By Jamshid Ghazi Askar, Deseret News

For people who put weight into the Academy Awards, 2011 could very well go down in history as the Year of PG-13.

The Academy of Motion Picture Arts and Sciences announced Tuesday its nominees for the 2012 Oscars. **For all the media coverage devoted to dissecting those nominations, though, one compelling aspect of the nominee pool has gone largely unnoticed by the media: more than half of the Oscar nominations went to movies rated PG-13 by the Motion Picture Association of America.**

Counting only full-length films (the MPAA doesn't mete ratings to short movies), 45 films nabbed a total of 103 nominations — with 52 of those nominations going to the 18 movies labeled PG-13.

Furthermore, consider the composition of the nine films nominated for Best Picture: "Hugo" is rated PG, "The Descendants" is rated R — and the other seven nominees are all rated PG-13.

The four films that merited the most nominations were all rated either PG or PG-13: "Hugo" (PG), 11 nominations; "The Artist" (PG-13), 10 nominations; "Moneyball" (PG-13), six nominations; and, "War Horse" (PG-13), six nominations.

In June, the Deseret News published an analysis of moviemaking that showed far fewer PG and G movies are made compared to PG-13 and R movies, despite the fact that G and PG movies make far more money on average.

In September the Deseret News analyzed some of the catalysts and consequences of "Moneyball" evolving into a PG-13 film. **"The decidedly tamer 'Moneyball' finally seeing the light of day is worlds away from the 'hard-R' niched iteration the studio planned but abruptly abandoned two years ago — making the back-story a unique glimpse into how Hollywood targets audiences in general and female filmgoers in particular."**

For the first time since 2005, no movie with a G rating received an Oscar nomination.

Last month the Deseret News released its list of the Top 10 family-friendly movies of 2011. And of those 10, eight received at least one Oscar nomination on Tuesday.

Box-Office Revenues UP nearly 15% for January

31 January 2012, [Box Office Mojo](#) and RESOURCE

With "overall movie" revenues for the final two weekends (27-29: \$126.1 M; and, 20-22: \$133.4 M) being up over prior-year periods (respectively, 15.5% and 29.9%), the North American box office has begun the New Year with a definite "up-tick" – which, undoubtedly, has pleased some Hollywood studios and theater owners.

On average, based on the "overall estimated weekend" receipts of January 2012 versus those of January 2011 (\$554.8 M vs. \$483.2 M), the performance was up some 14.8%.

Note: As previously indicated below, Box Office Mojo reported that estimated “overall movie revenues” for the **four-day** MLK Holiday weekend (13-16 January) were **\$156.0 M – down 1.9%** and for the first **three-day** weekend (6-8), were **\$139.3 M – being up 24.0% over the respective prior-year periods.**

**Actions Taken by Hollywood to Mitigate Declining Box-Office Revenues
and
Movie Ratings and Related Performance Statistics – An Update / Revisit to the Subject**

18 January 2012, (See the **END NOTE** below regarding the various data or report sources.) and RESOURCE

First Topic: Actions Taken by Hollywood to Mitigate Declining Box-Office Revenues

In certain ongoing efforts to reduce losses from “acts of ‘media-content’ piracy,” Hollywood studios (along with other entertainment-media providers – **being assisted by an army of more than 1,000 registered lobbying agents**) have been strongly pressuring Congress to enact “protective” legislation. **Consequently, two bills have been introduced, namely, in the House: Stop Online Piracy Act (SOPA); and, in the Senate: Protect IP Act (PIPA – with the “IP” meaning “Intellectual Property”).** Each have been slated for a vote early this year.

As proposed or if enacted in their current forms, such laws will definitely impact the Internet. Since drafts of the acts were completed, heated debates on both sides have ensued – reaching a highpoint today with numerous Websites purposely being “blacked out” or “greyed out” in protest of the alleged limitations on “free speech” that would be imposed – along with other impinging Internet restrictions or procedures.

To obtain a clearer understanding of the issues, access and read the commentaries which are referenced under the **END NOTE** section of this posting. **“Brief-” as well as “detailed-versions” are available via respective links.**

Now, relating to another topic, being dated 6 January 2012, the **Associated Press (AP)** published an article (entitled **Warner Bros. to impose 56-day delay on DVD rentals**). In it, the commentator addresses **one studio’s response to possibly slow those declining box-office revenues** in North America (Canada and the U.S.). Brief quotes from the AP posting are these: (Again, see the **END NOTE** below for a “complete-article” reference or specific link details.)

Prepare to have your patience tested if you prefer to rent DVDs rather than buy them.

The increased wait for DVD rentals exposes the competitive tensions that are shaking up home entertainment. In the past seven years, movie studios have seen U.S. sales of DVDs and Blu-ray discs fall by a third — from \$10.3 billion to roughly \$7 billion. Netflix’s growing popularity during the past decade helped put a major dent in one of the movie studios’ biggest moneymakers — because its service enables people to watch as many mail-delivered discs as they want for a flat monthly fee.

To make matters worse for studios, Redbox’s concept of renting DVDs — from kiosks set up in thousands of stores — gave movie lovers another cheap and convenient way to avoid buying the discs.

Second Topic: Movie Ratings and Related Performance Statistics – An Update / Revisit to the Subject

Based on various Internet-based postings, it appears that since the late 1980s, various entities and individuals have investigated the comparative gross earnings or returns on investments (ROIs) for MPAA-rated movies.

Being one of those entities, the [Dove Foundation](#) has been a principal reviewer and provider of statistics -- **which data indicate that, individually compared, G, PG and PG-13 movies earn more than R-Rated ones.**

Specifically, in a **“ten-year” (1988 thru 1997)** study which Dove commissioned covering the North American entertainment marketplace, it was reported that, **with each being compared to R-Rated films, PG-13 movies earned a 35% greater return on investment; PG ones performed 40% better; and, some of the “few-in-number” G-rated titles, in that “ten-year” time frame, brought in up to a staggering 78% more.**

In a later update (dated May 2005), covering a “15-year” (1989 thru 2003), another Dove sponsored study indicated, on average, among other findings, that **G-Rated movies earned some 11 times more than R-Rated productions.**

Then, in a marketplace review completed about five years later – in late Fall of 2010, as conducted by two economic students in coordination with their counseling professor at Brigham Young University (Provo, Utah), research statistics indicated that R-Rated movies returned 25 percent to 35 percent less money than PG-13 and PG movies. Their industry analyses covered a fifteen-year span – although not cited, likely through 2009.

Now, earlier this month, relative to “comparative performance statistics” – with comprehensive data having been assembled by TheNumbers.Com, it was reported that G-Rated films – during 2011 only – earned 3 to 5 times more than R-Rated productions. (Note: Via the former link – as well as those other links embedded in the text on that Website, certain of the detailed numeric data are also presented in “bar-chart” formats – giving some visually impressive “historical-trend” perspectives for a “17-year period” – 1995 thru 2011.)

Lastly here, in a **detailed and informative study (Does Sex Sell? . . .)** by two economic professors (from California State University and St. Cloud University), it was also confirmed that the **R-Rated do not perform as well as those G, PG, and PG-13 Rated films.** And, being published in July 2004, a Harvard School of Public Health study found that there had been a definite “Ratings Creep” toward the R-Rated during the past ten-year period.

Yet, despite all of these various analytical research findings by the above noted parties (as well as a number of other marketplace analysts – which are “not lost” to production studio executives), Hollywood’s R-Rated ventures continue to grow disproportionately each year compared to those other MPAA-ranked movie types.

So, what might be the plausible underpinnings of these marketplace trends?!

The answers are perhaps **threefold**, namely:

1. As concluded by the above two university professors: **The fact is that foreign box-office revenues are now much more significant than domestic box-office revenues, and R-rated movies do quite well overseas.**

And, one might well expect the number of R-rated movies to actually increase in the future, with the foreign box office becoming more important than the domestic box office – vis-a-vis “overall revenues.”

2. Then, as was pointed out in a **USA Today** commentary entitled: **Want an Oscar? An 'R' revs up your chances.**

The article sums it up with a response: **The Academy Awards movie nominations easily answer the question. That is, typically, most of the films nominated are R-Rated.**

3. Lastly, as **Michael Medved** stated in his book “**Hollywood vs. America**” (1992), **Hollywood is a small town that is not economically rational.**

True, G-Rated movies earn more money, but filmmakers seem to prefer to make R-Rated movies because they are more prestigious among their avant-garde peers.

Continuing, Medved argues, convincingly, that if Hollywood truly wanted to maximize profits it would make more G movies and far fewer R movies.

But, he concludes that **those filmmakers are looking for a “validation from their friends or peers” rather than maximizing profits.** And, this “validation,” he observed, comes from pushing the boundaries of societal and individual decency rather than specializing in inspiring moral tales that appeal to families – who obviously support those “more-successful artistic,” “family-friendly” and/or “uplifting-themed” productions.

END NOTE

Concerning the above two sections of this 18 January 2012 entry, all article and report references (**eleven in total**)

and their corresponding Internet links may be respectively accessed via this **twelve-page** “pdf” document:

<http://www.resourceholdingsintl.com/movie.ratings.performance.pdf>

**In North America, Box-Office Receipts Up for First and Down for Second Weekend of the New Year
and
A Brief “Movie-Marketplace-2011” Perspective from Europe**

17 January 2012, [Box Office Mojo](#), [Frankfurter Allgemeine Zeitung \(FAZ\)](#) and RESOURCE

1. According to Box Office Mojo, **the estimated “total-gross” receipts for theaters in North America (U.S. and Canada) were basically up by about 22% when considering the “combined first-two weekends.”**

Namely, for 6 - 8 January “overall movie revenues” were pegged at \$139.3 M – **being up 24.0% over the prior-year period**. Yet, for the following **four-day** MLK Holiday weekend (13-16), estimated receipts were \$156.0 M – **off 1.9% compared to last year**.

2. In a 4 January 2012 article (entitled **“Hollywood hakt schwaches Jahr ab” - “Hollywood checks off weak Year”**), relating to the 2011 Canadian and U.S. theater marketplace, the **FAZ** (Germany’s leading business newspaper) posted these observations (some of which have been referenced in certain of the “earlier-dated” items below):

- **Total theater revenues were \$10.2 B in 2011 – down 4% over 2010.**
- **Movie goers were down – being comparable to those numbers last seen some 15 years ago.**
- **Ticket sales of about 1.3 B were again down by 5% – (Note: 2010 vs. 2009 was also off 5%).**
- **The “Top-Ten” were dominated by “series-continuation” films – possessing 8 of the 10 spots.**
- **“Harry Potter” (finale) was on top with \$381.1 M and “Captain America” was No. 10 with \$176.7 M.**
- **Attendance down due to various factors. (See other item entries below for discussions of such.)**

Additionally, in another article of 9 January 2012 (entitled **“Franzosen lieben heimische Filme und strömen in die Kinos” - “French love native [or “french-produced”] Films and storm into the Cinemas”**), the **FAZ** reported these observations concerning France’s movie industry: (Note: As yet, no comparable or similar 2011 info was available for the German marketplace.)

In an apparent effort “. . . to find comfort for themselves in (re: the current economic, sic) crisis . . . ,” the **French flocked to the movies in 2011 – being unlike their America counterparts who basically stayed away.**

As the title indicates, they particularly favor “home-grown” or “french-produced” films over other alternatives – e.g., Hollywood’s productions. And, since “french-produced” movie venues increased from 35.7% to 41.5% (with Hollywood or “American” options comprising 46% of the 2011 “French” marketplace), the overall theater attendance numbers were up by 4.2% compared to those of 2010.

The growing numbers of 3D venues in France also contributed to the market rise. At last year’s end, roughly 1,000 theaters (about 48% of the total) are outfitted with 3D-digital projection equipment. Thus, during 2011, 3D films shown in France rose from 23 to 43 – nearly a double. Ticket sales here (to mostly young viewers) were reported to be around 53 million.

And, total tickets sold were at record levels – totaling some 215.6 million – being more than the total sold since 1966. Further, last year in France, some 7 million movie presentations or “screenings” took place – 1.5 million more than ten years ago.

In a concluding note, the **FAZ** reported on **the “insolvency” of a major french “post-production” film company**. Regarding 2012, the impact of this situation remains yet to be determined, since it could prevent or postpone the premier of some 60 french films. As indicated, the latter represent a value of about €400 M to €450 M (\$509.2 M to \$572.9 M) – which approximates one-quarter of the year’s investment in the French film industry. (Reportedly, President Nicolas Sarkozy has been asked to help resolve the matter.)

**“Solid Starts” for Movies on “Opening Weekends” Are Followed by “Quick Drop Offs” – Why?
Since 2003, Theater Attendance Off by 20% – Hollywood’s Plans for 2012?**

6 January 2012, Los Angeles Times, Deseret News and RESOURCE

In an article published by the **LA Times** yesterday, it was noted that: **“That phenomenon — a solid start followed by a quick drop-off — has been the primary driver of a decade-long decline in movie theater attendance that continued in 2011. The box-office figure known in the industry as the “multiple” — the final box-office take compared to a movie's opening weekend ticket sales — has dropped 25 percent since 2002.”**

Following some analysis of the latter phenomenon, it was also commented: **“The total number of tickets sold in the U.S. and Canada declined 4 percent this year to 1.28 billion, marking the seventh annual drop in the past decade, according to Hollywood.com. Compared with the high reached in 2003, theater attendance has fallen a total of 20 percent and is at its lowest point since 1995.**

And, concerning several notable “movie flops,” this statement: **“Regardless of the year's hits and misses, the larger concern on studio lots may be that total box office per movie dropped 13 percent on average in 2011.”**

In conclusion, the Times observed: **“If Hollywood really has a problem at the domestic box office, the 2012 release slate shows little evidence that studios are making changes to address it. Weekends are still packed with big-budget tent poles, among them properties new to the big screen like Walt Disney Studios' "John Carter" and 20th Century Fox's "Prometheus," and sequels such as Sony Pictures' "Men in Black 3" and Warner Bros.' "The Dark Knight Rises.”**

“Those films are primarily aimed at fast-growing international markets like China and Brazil, where studios are enjoying double-digit box-office growth as more foreign movie fans come to theaters on opening weekend and beyond.”

So, what might be Hollywood's plans to turn around the North American marketplace?

In an interesting and creative **Deseret News** article, also published yesterday, the commentator began with: **“According to recent reports, movie revenues are way down (domestically, not internationally) and studios are flummoxed by the news.**

“So how do you suppose they'll react? By making better movies? Or by coming up with more elaborate gimmicks to lure moviegoers away from their homebound gadgets and get them back into theater seats?

“If tradition holds true, I'm thinking more gimmicks are on the way.”

The author ended with a review – in some detail – of eleven **“elaborate gimmicks”** that have been utilized by Hollywood during past years. Indeed certain were creative and might bring back memories and/or elicit a chuckle.

To read more regarding either or both of these articles, access this common link:

<http://www.resourceholdingsintl.com/films.fast.fizzle.and.elaborate.gimmicks.pdf>

**North American (U.S. and Canada) Theater Performance Off 4% for 2011
Year-Ending Holiday Weekend also in the Negative by Nearly 6%**

3 January 2012, [Box Office Mojo](#), [The Portland Press Herald](#), [Hollywood.Com](#) and RESOURCE

For the ending Holiday weekend of the year (30 December 2011 thru 1 January 2012), relative to the **“Top-12”** movies compared to last year's end, **Box Office Mojo reports estimated gross receipts were down 5.8%.**

And, in a short article posted today by the **Portland Press** (as cobbled together from various “news service reports” and copied below as published) – (although other industry analysts might well disagree), it was noted that **Hollywood executives apparently are now blaming the “2011 down market” on the production of “too many family movies.”** *

* Note: Yet, as reviewed under the [28 December 2011 entry](#) (Document link for “2010 thru 2011 Reports” – respectively scroll down.), it would appear that – for 2011 – **the movie industry’s “Top-15” movie flops** were certainly **not** all of the “family-movie genre.”

Low ticket sales undo movie industry rally

LOS ANGELES - U.S. theater owners were counting on a slew of high-profile holiday films to end an erratic moviegoing year on a high note.

After a rally at the box office this summer -- when ticket sales hit record levels -- the U.S. exhibition industry looked as if it had reversed a slump earlier in the year.

But those hopes have been dampened by unexpectedly weak ticket sales in recent weeks from sequels "Alvin and the Chipmunks: Chipwrecked" and "Sherlock Holmes: A Game of Shadows," as well as the holiday-themed "Arthur Christmas" and the critically acclaimed "Hugo."

As of Monday, year-to-date box-office revenue in the U.S. and Canada dropped 4 percent to \$10 billion compared with a year earlier, while the number of tickets sold was off 4 percent, according to Hollywood.com.

Industry observers cite various reasons for 2011's decline in admissions, from waning consumer interest in 3-D movies to higher ticket prices. Average ticket prices in the U.S. reached a record \$8.06 in the second quarter of the year, according to the National Association of Theatre Owners.

Industry executives disagree that higher ticket prices are a factor in lower admissions. Instead, they point to saturation of the family-movie genre. There were 16 animated releases in 2011, up from 12 in 2010.

Furthermore, relative to North America’s Box-Office Performance, **in a more-detailed review and financial analysis of 2011 and its apparent market trends, Hollywood.Com** cited, among other particulars, these “**three facts**” – (being reported by the former as a “**Moviegoer Fact from OTX-MPG**” **):

1. While it is a third straight year of over \$10 billion, adjusting for inflation and factoring in the increase in the number of theatrical releases in 2011, average box-office per film is actually down significantly.

Presenting certain other “**2011 film-revenue**” statistics, Hollywood.Com quoted this other OTX-MPG observation:

2. This definitely illustrates that while total box-office for a film is declining, the ticket sales for opening weekend remains steady. It is the 2nd and 3rd weekend moviegoers that have shifted their dollars elsewhere in recent years.

And, following some other marketplace observations by Hollywood.Com, this final “OTX-MPG fact” was stated:

3. Moviegoers are far more likely to wait to see a film on VOD, DVD, etc. – particularly if it is not a big effects/3D movie – than they have been, (sic, with their numbers increasing each year).

** Note: **OTX-MPG** is **The Worldwide Motion Picture Group** at [IPSOS](#) – the latter being a diversified global consumer research and consulting firm that conducts online-based research. In the media marketplace, OTX-MPG offers products and services that cover all aspects of a film’s life cycle. Its main Website is: www.worldwidempg.com or for the North American area: www.otxresearch.com/.

Thus, a final comment here: With the growing selection of more “cost-effective” and “consumer-convenient” viewing venues (Internet, home theater, et. al.) becoming available to the general public, one wonders how the respective

Hollywood executives and box-office owners are planning to react in the New Year to these changing-market trends.

Note: Hollywood.Com's lengthy review and detailed analysis of 2011 may be access here:

[http://www.hollywood.com/news/The Box Office Year in Review 2011/12394979](http://www.hollywood.com/news/The_Box_Office_Year_in_Review_2011/12394979)

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For various reports from earlier years (2008 thru 2011), visit the [Reports Cover Page](#).

[Return to GAP News Release Page](#)

Important Notices

The above notwithstanding, including other "positive" industry comments not cited here, neither RESOURCE nor GAP herewith implies or guarantees that the production and distribution of films in the DM-1 or DM-2 Portfolios will be commercially successful in times of economic turbulence and uncertainty. No party can predict or foresee the future with any degree of clarity. In time, "negative" comments or circumstances might prevail or dominate, in essence, reversing any one or all of those cited above.

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