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COMMENTS OF THE UNITED DRIVE-IN THEATRE OWNERS ASSOCIATION
TO THE DEPARTMENT OF JUSTICE, ANTITRUST DIVISION

Review of the Paramount Consent Decrees
(United States v. Paramount Pictures, Inc., 334 U.S. 131 (1948))

Wednesday, October 3, 2018

The United Drive-In Theatre Owners Association (UDITOA) is hereby submitting comments in response to THE DEPARTMENT OF JUSTICE, ANTITRUST DIVISION pursuant to comments requested for its review of the Paramount Consent Decrees on or about August 4, 2018.

The United Drive-In Theatre Owners Association's (UDITOA) mission is to be the premier organization serving drive-in theatre owners, to promote commercial motion picture exhibition at drive-in theatres world-wide and to ensure that drive-in theatres remain a viable and competitive part of the motion picture industry.

Drive-In Theatres provide a unique consumer experience, perfect for families to share the movie together, where children of all ages can enjoy the entertainment in an outdoor environment. Drive-ins are typically a lower cost option than indoor cinemas, when considered in conjunction with concession purchases. In rural areas, a drive-in theatre may be the only theatre available. Drive-ins are often the top performing screen in their respective markets, making them important to studios and consumers.

A comprehensive survey has found that as of August 2018 there are currently 317 Drive-In Theatre sites operating in the United States, with a total of 559 screens for an average site size of 1.8 screens. Most of the Drive-In Theatres are independent, owner operated small businesses. The largest Drive-In Theatre chain totals 7 sites. Most Drive-In Theatres operate seasonally, usually around 110 days per year or less.

UDITOA supports the content of the filing of the National Association of Theatre Owners made to the department on October 1, 2018.

UDITOA supports the content of the filing of the Independent Cinema Alliance made to the department on or about October 4, 2018.

We would like to provide the additional comments below.

The Paramount Decrees continue to serve an important purpose today because the theatrical industry is inherently set up exactly the same as it was 70 years ago. Unlike most other industries which have multiple suppliers to purchase products that are similar, the suppliers in the theatre industry have unique copyrighted product.

This product, the creative content known as a movie, has a short period where consumers desire to see it in a theatrical environment. During that time, there is little if any alternate product of the same genre and desirability that any particular exhibitor could provide its consumer. To illustrate this, most Drive-In Theatres have food service operations. We can choose from a variety of suppliers and manufacturers for

a similar product – e.g. French fries are made by multiple manufacturers and delivered by multiple food service suppliers. This provides a fair competitive environment. By contrast, on any given week in our industry, there is no equivalent movie that would be of the same genre, with the same marketing push, and the same target audience. Thus, we are bound to seek the movie from a singular supplier at the terms they deem fit. Because the studios have this much power, the industry is ripe for abuse without appropriate protections like those provided by the Paramount Decrees.

Block Booking

Drive-ins are on average more vulnerable to block booking concerns than indoor theatres, in part because the average screen count is 1.8 per site, most drive-ins are seasonal, and some product may not be appropriate for our audience. We are much less likely to feature a Rated R movie due to the family nature of our attendance, and some movies, though extremely popular, don't show well in the outdoor drive-in environment. Alternately, some movies overperform in the drive-in environment compared to the indoor cinema. We must maintain freedom to book the movies that will perform the best for our audience in our environment, and not be forced to show movies based on studio preference and influence.



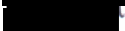
Resale Price Maintenance

Local theatres have the best understanding of what the local demographic can sustain for ticket pricing. A one size fits all for pricing across the US would not serve the consumers' best interest. Many drive-ins utilize carload pricing (one price for the car, no matter how many guests are in the car) which would not be conducive to fixed pricing. This is a tradition as old as the drive-in industry.

Overbroad Clearances

Historically some clearances have been broad, and Drive-Ins locked out of movies due to geographic proximity to indoor cinemas. This did not serve the consumers' best interest in choosing the type of venue in which to view a movie.

We thank the Department for the opportunity to comment.

United Drive-In Theatre Owners Association
