

Upscale movie theater offers luxury at a price

Australian company opening Gold Class Cinemas in Austin and other U.S. cities.

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As they relaxed in the dimly lighted lounge, awaiting the sold-out screening of "Invictus," Stephen and Tina Galloway were perusing the menu between sips of champagne. A waiter had just brought a chilled \$49 bottle of Schramsberg sparkling wine and was ready for their order.

Tina was contemplating the \$14 plate of fried calamari with ginger and lemon, while Stephen had a hankering for the \$19 New York strip steak sandwich.

The Galloways are hardly high rollers — he's a property manager and she's a social worker. Still, the Pasadena, Calif., couple were more than willing to fork over \$29 each for a movie ticket, on top of the bill for champagne and finger food.

"We've never experienced anything like this," Tina said of the Gold Class Cinema movie house, which opened this month in Pasadena.

The Australian company plans to open another one early next year at the Domain in North Austin, part of a planned expansion in the United States.

Forget Milk Duds and popcorn. Welcome to the movie theater industry's equivalent of the first-class tourist cabin: the luxury theater.

Betting that moviegoers will pay triple the average price of a U.S. movie ticket to be pampered like Hollywood moguls might seem odd at a time when the bargain mentality is gripping consumers.

But Village Roadshow Ltd. thinks it can rattle the U.S. industry by introducing its upscale Gold Class Cinemas, which have been a big hit Down Under.

"Our secret agenda in America is: Not only are we going to make money, we'll make a lot of money. ... This will shake up those exhibitors, and there are a lot of them, that have poor offerings," said Graham

Burke, chief executive of Village Roadshow. "You go into some of these places and there's gum on the floors. Gold Class is the opposite. (Customers) get treated like royalty, like a king."

The Pasadena, Calif., theater is the fourth U.S. outpost for Gold Class. The chain expanded into the U.S. last year, opening two theaters in affluent suburbs of Chicago and one in Redmond, Wash., the home of Microsoft Corp.

Through a \$200 million joint venture with Norman Lear's Act III Communications and other partners, Village Roadshow plans to open as many as 30 luxury theaters nationwide over the next five years. Future locations include Scottsdale, Ariz., and possibly Santa Monica and Costa Mesa, Calif.

Although movie theaters have done a brisk business this year, some industry analysts wonder whether people will be willing to pay the premium ticket price on top of a pricey food and beverage tab, given the cutback in consumer spending.

"With the current state of the economy, that's a long row to hoe," said Bruce Austin, a communications professor at Rochester Institute of Technology who has conducted research on movie audiences. "That seems like a lot of money to ask for a very narrow slice of the top end of the market."

But Gold Class executives are confident that even in a down economy, customers will pay for silver-platter service.

Initial signs are encouraging, they say, noting that the newly opened Pasadena theater sold out eight of its first 11 nights.

Recession notwithstanding, Gold Class is tapping into the growing luxury cinema niche, as theater operators look for new ways to draw upmarket homebound moviegoers — or less-affluent customers looking to splurge on a special night out — and capture some of the lucrative business that goes to restaurants and bars.

"There's a whole range of food services and premium services being tried out," said Patrick Corcoran, director of media and research for the National Association of Theatre Owners. "Some of this is about getting back the adult moviegoers. These are people who are generally better-off than other segments of the population, and they are used to getting catered to."

Some small theater operators, such as Alamo Drafthouse Cinema in Austin, offer in-theater food and beverage services, as do some of the industry's largest theater companies. Kansas City, Mo.-based AMC Entertainment Inc., for example, has been testing casual and more upscale food and beverage services at theaters in Kansas City and Atlanta and plans to expand the offerings to as many as a dozen theaters in the next year. At AMC's Cinema Suites, moviegoers can dine and order alcoholic drinks in plush, reclining seats with lots of legroom.

"The demand for in-theater dining is there," AMC spokesman Justin Scott said.

In the Los Angeles area, Gold Class has some competition. The ArcLight cinemas in Hollywood and Sherman Oaks, the Bridge Cinema de Lux near Los Angeles International Airport and Muvico Theaters' Thousand Oaks 14 multiplex offer many of the same amenities, such as reserved seating, plush recliners and bar and lounge access.

Gold Class, however, says it's taking pampering to a higher level.

Courtesy of JB Goodwin