

Have Virtual Cinemas Fallen Short of Saving Art Houses During the Pandemic?

by [Brian Welk](#) | March 8, 2021 @ 6:20 AM

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Virtual cinemas were meant to save independent theaters struggling through the pandemic. But nearly a year later as many art houses still remain closed, virtual cinemas hasn’t been the financial lifeline you’d expect.

In a survey of 150 art houses across the U.S., over 80% of respondents said that virtual cinema revenue cannot come close to replacing theatrical revenue, according to Makenzie Peacock at Art House Convergence, an association that provides resources and opportunities for art house cinemas.

“It’s not even a fraction of the revenue that we’d be making if the theater was open. It really doesn’t compare,” Wesley Emblidge, the marketing and education manager at the Coolidge Corner Theater in Boston, told TheWrap. “There are individual films that have played at the theater that in their total run have made more than all of the virtual films have made combined so far.”

When the pandemic shut down cinemas nationwide, virtual cinemas were [seen by many in the industry](#) as a stop-gap measure that might provide a long-term option for theaters looking to supplement their box office. Indie distributors such as Kino Lorber, Magnolia, Oscilloscope, Greenwich Entertainment, Strand Releasing, Film Movement launched streaming platforms to allow individual theaters to virtually book a title for a limited run just as they would if it was in a theater — and then split the streaming revenue with theaters roughly 50-50.

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Coolidge Corner Theater in Brookline, MA/Getty Images

While the Coolidge Corner Theater has found some success with virtual cinemas, the results have varied nationwide. “There are cinemas bringing in tens of thousands of dollars, and there are cinemas with two people watching a movie a week,” Peacock, events and operations manager at Art House Convergence, said. “It’s definitely a wide range.”

One of the challenges is tech support — and the obstacles of teaching an often older-skewing indie film audience to adapt to the online platform. Emblidge said some of his theater’s elderly clientele have given up and not come back rather than work to remember passwords on numerous different platforms.

Even in the tech-savvy Bay Area, the virtual cinema revenue at San Francisco’s Roxie Theater has been just 5% of what normal box office would be, director of operations Lex Sloan said.

Another big issue for many theaters was sending customers to an outside platform to watch movies — and losing all of the valuable data about their customers to distributors. “It kind of reversed the business model completely, like a 180,” said Tori Baker of the Salt Lake Film Society, who objected to the “share the link” approach that distributors asked of theaters in the virtual cinema arrangement.

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“They should be credited with helping to save art houses through this period, but when distributors did that, they also weren’t the experts in exhibition,” Baker said. “They were the experts in distribution. And now suddenly they were an exhibitor.”

Within two to three months of virtual cinema models launching, Baker launched her own platform, [At Home Arts](#), to mimic the art-house theater model in the cloud. The technology allowed Baker to create box office reports, see real time data and allow easy access for patrons to make donations directly to the theater, all without sending the user to an external site. After launching as a beta along with the Coolidge Corner Theater, 27 different theaters across the country have joined the cohort as of December.

“That solved so many of the pain points we were experiencing. We’re finally back to a little of how things used to be back when we were operating in a brick-and-mortar space,” Sloan said. “Now we can see who is buying our tickets, what promotion is working, we can help people and offer refunds that we couldn’t before because we didn’t have access to the ticket purchasers on the backend.”

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BACURAU
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Year: 2019
Running Time: 131 minutes

An example of a landing page for Kino Lorber's Kino Marquee platform

For distributors, virtual cinemas have provided a way to both get their product into the marketplace and help out exhibitors who have been the lifeblood of indie cinema. Streaming revenue has also been good business. While Kino Lorber's box office revenue dipped by about 50% in 2020 compared to 2019, CEO Richard Lorber said the company's overall revenue was down by just about 20% on the year thanks to income from its VOD platform, Kino Marquee.

Kino Lorber's Brazilian thriller "Bacurau," one of the first released through virtual cinemas, earned a total in the low six figures, while another five films on their slate earned north of \$100,000 virtually. "We are champions of the return to physical. We believe that people will want to come back to movies," Lorber said. "But we don't think that the availability of virtual cinema platforms will in any way cannibalize or limit the potential of theaters to come back to full functioning."

The virtual cinema has been good for theaters too. All told, Kino Lorber has paid out roughly \$600,000, about half of its box office revenue, to over 400 different theaters and nonprofits around the country that used its Kino Marquee platform. The company also said it provides monthly streaming reports and a payment portal so theaters can get revenue in a timely manner.

Also Read: ['Bacurau' Film Review: Bloody Brazilian Fever Dream Has More Than Gore on Its Mind](#)

For many art-houses, the real value of virtual cinemas has been in community engagement, attracting new customers and soliciting donations. The Roxie launched a virtual membership program offering exclusive screenings and livestream Q&As that has attracted over 400 members, both local San Franciscans as well as those who have left the area but still love The Roxie.

And both Emblidge and Sloan have seen fundraising efforts and donations go well above what they might have been at the door. "We've had an incredible amount of donations, so instead of tickets just being earned revenue now, tickets can add in an additional \$5 as a vote of confidence to see The Roxie make it and come back," Sloan said. "So we're able to broaden our donor base in our community in ways we never really thought about when we launched into virtual cinema."

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Residents at a theater in Wuhan China/Getty Images

Even when theaters are able to reopen, insiders expect virtual cinema to remain in some form. And that has also created some anxiety — especially for art-house theaters that are already stretched thin resource-wise. “We’re able to do the virtual cinema because we’re not playing the films in theaters. But if we’re doing both, that’s a lot,” Emblidge said. “If the revenue isn’t there, I don’t know if it will happen.”

Many theaters are eager to try what Kino Lorber calls “duplex booking,” simultaneously scheduling a film virtually and theatrically during an initial two-week window. Another possibility is to open movies in theaters and then move them to a virtual platform, while others could be virtual exclusives.

The challenge with duplex booking, however, will be “geofencing.” If you’re showing a movie at a theater in New York City, you don’t want your clientele renting a movie from a theater in the Midwest, especially at a lower price point. Kino Lorber is working to iron out some of those issues.

“It’s kind of the Wild West out there. It’s not a perfected system,” Peacock said. “People are starting to reckon with the fact that the cat is out of the bag with this. This isn’t going away, and maybe we need to start setting some rules here.”

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Lorber agreed that just as exclusive theatrical windows have collapsed in the studio space, the indie cinema world will not return to its pre-2020 business models. “Everybody’s kind of thinking, ‘Well, we’re going to get back to normal. Pick a date.’ But we ain’t going back to normal. And this is going to be incredibly messy as we move toward normalcy, which could take another 24 months,” Lorber said. “It’s going to be a very messy transition, but virtual cinema will evolve and become a very important tool kit in the survival of the art houses.”

Baker even hopes to reverse-engineer At Home Arts back into the physical box office, allowing distributors to use the platform to create their own box office reports rather than contacting numerous theaters. The good news is the audience that goes to art houses still wants to see movies on film prints or on a big screen, and having the virtual cinema option only enhances that experience.

“Art houses are in a very different position than the movie megaplexes, and there’s this sigh of relief because we’ve spent the last years or decades getting our audience to trust us,” Sloan said. “As great as virtual cinema has been, it doesn’t replace those popcorn conversations.”

■ End