

Behind the big screen amc entertainment marketing essay



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Most companies tend to use technology in order to make improvements and excel in order to gain profit. A lot of places also function completely through technological means. IT is great to use as an advantage as long as everything is kept up to date, and meets the company's needs. It assists with budgeting and operating performance, as well as creates new opportunities with products and services. Without technology, it is hard to keep up with the modern times as most things are now happening electronically. One such company that makes great use of it is AMC Entertainment, which is a very popular movie provider.

AMC provides entertainment to the masses through show times at its multiple theatres throughout the US and Canada. Constant work is put into making sure that the best products and services are being offered to customers everywhere. All chains of command work in making sure that everything provided is the most optimal in order to beat all competitors. In order to stay ahead, it is important to analyze strengths and weaknesses, and to acknowledge threats and the opportunities that may lie ahead.

Information technology has a certain level of impact on strategy as well, and since it plays a big role with AMC, it therein plays a major role with strategy. AMC has been working hard since the beginning, making sure to constantly advance and stay ahead of competitors.

With a rich history of advanced technology from AMC Entertainment, American Multi-Cinema (AMC) has been an industry leader in entertainment. From the first suburban multiplex theatre to the first megaplex theatre, AMC has continued its long tradition of guest service and innovation through products and services that make the entertainment experience more

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satisfying for millions of guests' year in and year out. AMC has over 299 theatres with 4, 528 screens in 30 states including the District of Columbia, and four countries outside the United States. Their headquarters are based in Kansas City, Missouri, where it first started in the 1920's. Currently, AMC employs 16, 800 employees, in which 800 are employed full-time and 16, 000 are employed part-time. AMC recorded revenues of \$2, 265. 5 million dollars during the financial year which ended in April 2, 2009 or FY 2009; there was decrease of 2. 9% over FY2008. (Datamonitor 2010)

AMC is listed on the FORTUNE 1000 as one of the largest companies in Kansas City. AMC offers guests who arrive for morning screenings the opportunity to see any first-run movie before noon as well as special ticket prices on selected Fridays, Saturdays, and Sunday's even on holidays. AMC also started the industry's first Guest Loyalty program. This program offers a free membership and rewards customers every time customers go to a movie at any AMC theaters. Another program AMC provides is their Silence is Golden program. This is a proactive national program aimed at providing a distraction-free entertainment environment for all AMC customers inside the auditorium. AMC's Guest First program empowers employees to use the company's philosophy to service customers and to take care of all the customers the best they can. In 2002, AMC introduced the first National Gift Card program, providing a new and exciting way to enjoy the diverse selection of specialty films at many locations across the country, 365 days a year.

Although AMC has merged with businesses and other major companies, such as MovieTickets. com and Loews Theatres, it still has many competitors. <https://assignbuster.com/behind-the-big-screen-amc-entertainment-marketing-essay/>

Among these competitors are the Regal Entertainment Group, Cineplex, National Amusements, and Cinemark Holdings, Inc. Regal Entertainment Group is the number one leader in domestic motion picture exhibition, making AMC come behind (Regal Entertainment Group, 2010). Regal has 6,745 screens in 546 theatres, offering more screens per theatre than the average. They stay ahead by continuing to acquire other theatre groups, which in turn puts more theatres in the states making it possible to increase revenue. Cinemark Holdings Inc is third in the industry and has placed theatres in different countries as well as the U. S, which provides it with one advantage. Cinemark has 423 theatres and 4,884 screens in Latin American and the U. S. (Cinemark, 2010). This includes theatres in Mexico, Brazil, Chile, Columbia, Ecuador, and even locations in Taiwan. Cineplex is a small competitor with AMC as it is a formation of two popular theatres in Canada, its home base, and merged with Loews, which AMC acquired in 2006. Also among AMC's competitors is National Amusements Inc, which is included among the top ten successful theatre companies. Although it is smaller, National is the parent company of both Viacom and CBS Corporation, which have great profit considering these companies include Paramount Communications, MTV Networks, Blockbuster Video, among others (Answers Corporation, 2010). In order to stay ahead and venture forth, it is important for AMC to have great leadership.

AMC is a company with 16,800 employees, not including those in higher level employment, and AMC works off of a hierarchical structure (AMC Entertainment, 2010). A hierarchy consists of a group of individuals in charge, and then has those underneath at varying levels. Each level is

responsible for handling those duties that are designated to them for the position they are in. AMC has employees in corporate, management, and also as associates in the theatres. With so many theatres throughout the US, it is important to hire management and associates that are able to handle the performance of each, although major responsibility is still directed towards corporate. AMC provides each level of employment with the ability to have appropriate degree of control in order to efficiently run each location. It provides employees with bonuses based on performance, as well as great benefits offering incentives to increasing customer satisfaction, therefore increasing sales. Employees are diverse in background, as well as skills, in order to provide innovation contributing to the success of AMC theatres. Each associate is important in maintaining the day to day tasks associated with operating every facility. The hierarchical structure is further presented by the fact that there is a Board of Directors, CEO, the management the theatre managers go through to get to the corporate headquarters, theatre managers themselves, and then the associates at the theatres as well. It is important that each level contributes to the functioning and success of AMC Entertainment. In order to make sure that AMC is prosperous, it is important to analyze strengths and weaknesses so as to see what should be worked on or pushed further.

SWOT analysis is defined as a tool that identifies the strengths, weaknesses, opportunities and threats of an organization. Specifically, SWOT is a basic, straightforward model that assesses what an organization can and cannot do as well as its potential opportunities and threats. The method of a SWOT analysis is to take the information from an environmental analysis and

separate it into internal strengths and weaknesses, and external issues, opportunities and threats. Once this is completed, a SWOT analysis determines what may assist the firm in accomplishing its objectives, and what obstacles must be overcome or minimized to achieve desired results. (www. Dictionary. com).

This past year, AMC has capitalized from their strengths by opening 33 theatres with 476 new screens and have acquired 118 theatres with 1, 395 screens. AMC also made a \$665 million dollar major investment in improving its theatres from 2005 through 2009. As of April 2009, AMC has operated or held interests in 307 theatres with 4, 612 screens, out of which 13 theatres are located outside the US (Datamonitor, 2010). From this, AMC theaters capabilities have enabled them to reach a broader customer base, which have contribute to its revenues. AMC recently purchase the bulk of the Kerasotes theatres creating a theatrical experience that spans over 200 years of business between them. Combining their joint experiences and their matching geographic will allow AMC to maintain the reputation for excellence in guest service that is an integral part of the company's culture. With the AMC experience, you will enjoy new value pricing programs, even more concession choices and cutting edge technology that will enhance your movie experience.

A weakness that continues to hamper AMC is its lack of exploring international countries such as Canada, the UK, France, and China, leaving AMC to depend on the US market for most of its revenues. By relying on this, it has left AMC with a high debt that burden combined with operating and net losses will make it difficult to meet the increasing interest expenses. <https://assignbuster.com/behind-the-big-screen-amc-entertainment-marketing-essay/>

Growth in movie industry continues to grow every day. Recently, AMC has seen the opportunity to team up with RealD. RealD is a 3-Dimensional (3D) feature that enables AMC theatres to enhance the customer satisfaction and provide customers with a 3D film experience. Entering into a partnership with RealD, adds 1, 500 RealD 3D screens to its theatres throughout the US and Canada. AMC also signed an agreement with Sony Electronics to put install 4K digital cinema projection systems across all its theatres. This upgrade allows AMC theatres to project digital cinema and allows all AMC theatres to serve its customers better.

AMC was cited for being non compliant with the ADA, (American Disabilities Act). The Disabilities Act was passed to make accommodations for individuals with disabilities and that new construction or alterations made to commercial facilities conform to accessibility guidelines unless structurally impracticable for new construction or technically infeasible for alterations (Datamonitor 2010). Any further non-compliance issues from the ADA that AMC would face will result in additional expenses to the company which will negatively impact its brand image and operating results.

Companies have business models in order to help make decisions that will benefit stakeholders (Applegate, Austin, & Soule, 2009). It is important to analyze strategy and capabilities used to accomplish it. Since IT is used with many businesses, it is important to look at the impact it has on both. AMC Entertainment primarily uses technology in order to maintain business. It is important to stay ahead in order to provide great customer satisfaction so customers do not choose other competitors. If AMC kept its technology the same, then customers would be less likely to see movies at AMC theatres, <https://assignbuster.com/behind-the-big-screen-amc-entertainment-marketing-essay/>

especially with the increasing costs of attending. Why go to a theatre that provides mediocre service and limited concessions? It is important for AMC to include IT in business strategy, in order to maintain revenue and popularity.

AMC uses technology primarily in order to advance as it is needed for theatres to remain functioning. Part of strategy, besides acquiring other smaller theatres for new locations, is staying up to date with what wants to be experienced by movie goers. With advancements in technology, the human population has become accustomed to flashes and bright lights, expecting every movie to contain both. Computer animated movies and the very recently popular 3D movies, have created a great importance on image enhancement and sound quality. AMC's core strategy is high in that it aims to increase revenue through updates, new software, and investment put into digital projector systems. The older 35 mm film no longer provides the same excitement as it once did. Along with a clean environment and better concessions, AMC has made sure to create a better viewing experience through precise color and bigger images. Digital projector systems provide color as being more natural in that each mirror is used to depict one pixel moving back and forth reflecting primary colors (Whatis. com, 2005). As mentioned previously, AMC is working with Sony and IMAX to implement these systems into all theatres. Loews is a subsidiary of Sony, and AMC acquired Loews in 2006, having Sony and AMC work together in order to improve technology, especially with sound. Sony is known for its manufacturing of electronics, such as audio and video, and also the information technology it offers. Since it is a leading provider of these

products and services it is obvious that the cost is high, it is also apparent, that with this especially, AMC Entertainment is not wary when taking a risk and spending a great deal of money, i. e. \$665 million dollars, in order to make improvements. These risks of investment are taken in order to stay competitive and increase revenue, which it has done from \$400 million in 1991 to \$2.4 billion in 2008 (AMC, 2010). AMC also spends the money in order to merge with different companies or own part of some, such as MovieTickets.com and Fandango.

MovieTickets.com and Fandango were partly acquired in order to increase the customer experience to a satisfactory level. The process of seeing what movies were available and purchasing tickets for those movies became easy and convenient. No longer would customers have to wait in extraordinarily long lines, now they can quickly buy tickets in the convenience of home. This is what is focused on when working on the core capabilities. The process became easier for customers and it was more efficient, and saved time. In this the core capabilities were low as there was a cost to buying a part of these companies, so cost was not necessarily reduced, risk and uncertainty were high, and this was a business opportunity that did end up becoming successful. In viewing the IT impact map below, we see that core capabilities are low and strategy is high. AMC Entertainment merges with companies in order to be innovative and receive and implement ideas from different sources in order to improve processes. Cost is noted but when determining the growth that can come from spending, risks are taken. Focus is put on efficiency and rising revenue in order to stay up to date with technology.

Money is spent on software and updates, as well as the Digital Manager, in order to maintain a functioning system and stay ahead.

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