

"We're at a time where we're a lot more careful with the investments that we're making," Gabel added. "If we do build new buildings and new theatres, we're doing it and closing other venues."

"The industry is the healthiest it has been in a long time," agreed Marcus. "The issue is, 'Do the banks have self-restraint?' If they throw money at us, my fear is that we will use it."

Meanwhile, indie operator Pickerell brought in another point of view: "From the standpoint of small theatres, we have always had to be very careful," she said. "And, as the last couple of years have gone by, and the bankruptcies came about, it wasn't a part of our operation or our thoughts, because, in these small towns, you have to be very careful each day, each year. [The bankruptcies] don't change that."

It was clear from the discussion that piracy, which is perhaps approaching digital cinema in its popularity as a seminar topic, is a growing, if not pressing, concern among exhibitors.

"The fact that you can get [a film] day-and-date now from pirates is scary," said Orpheum's Campbell. "But it's not going to be the same experience. People are still going to go to the movies."

"The major difference between what happens in our industry and what happens in the music industry is that when you download a song, you can get digital quality," added Dickinson's Horton, who has experimented with downloading movies from the Internet only to find that it takes 72 hours to download on a T1 line, and even then the quality "wasn't there." He suggested combating pirates in theatres by "walking the auditoriums, just checking once in awhile, because once you make them shut [the camcorder] off, it's no good."

Judson added, "Our friends at the MPAA have been working diligently both internationally and now in the States to pass legislation" combating piracy. "In most states, you can only ask people to leave the theatre. You can't even take the camcorder." Judson also said that NATO has drafted suggested language for signage in theatres that establishes exhibitors' rights to ask pirates to leave the premises.

Overall exhibitors on the panel seemed skeptical about the imminent rollout of digital cinema, estimating that

it won't be widely available for another five to 10 years, based on the fact that the crucial question—"Who will pay?"—has yet to be definitively answered. However, the independent operators expressed perhaps the most enthusiasm for the transition.

"There's no question that [the transition to digital cinema] is going to happen," said Pickerell. "But if we watch it carefully, it could be the greatest thing to happen for small theatres. Some theatres struggle constantly for that 'Seabiscuit' print. If it works well, we should be able to have our choice of what we want, not what's available."

As for the rest of the year, the **BOX-OFFICE** Conference panelists were optimistic looking forward to the releases of the fall and winter, naming the final chapters in the "Lord of the Rings" and "Matrix" trilogies and "The Cat in the Hat" as well as the dozen or so titles scheduled for release in autumn. In addition, in the modest markets represented by the partici-

receiving a Friends of Exhibition Award was convention sponsor Pepsi.

Dan Klusmann, a lifetime exhibitor and editor of the Independent Marketing Edge newsletter, was this year's recipient of the Great States Founders Award. Klusmann, who organized the 2001 convention, said, "Running a convention is a lot of work, but it is a way to give back to the people who mean so much to us, to spend time with you and to make memories with you. Thank you for sharing this memory with me."

KEYNOTE ADDRESS

National Association of Theatre Owners president John Fithian joined Great States on the final day of the convention to give the luncheon keynote address. He began by dispelling a media myth. Among the questions he has fielded from reporters as of late is "Why is this year down so much compared to last year?" His reply: "Wall Street is way too involved in our business. They love to look at year-to-year figures." At the time of his speech, he said that the box office is down six percent from 2002's record-breaking year, and admissions are the second-best they've been in 45 years. (Since the gathering, domestic box office for the year has pulled up nearly even with 2002.) With a strong slate coming up in the next few months, he said, "You're doing a good job."

There continue to be challenges for the industry. Fithian once again encouraged exhibitors to enforce the ratings system, as teenage mystery

shoppers are once again being deployed to test their vigilance. In addition, Fithian said he would be testifying in October at the Federal Communications Commissions, where an entire day will be spent on the enforcement of the ratings system. "If your company doesn't have a ratings compliance officer, please get one," he entreated.

Fithian also commented on the group's involvement in the piracy issue, which, he said, was not perceived as an issue for exhibitors a few years ago. "Those days are gone. Piracy dramatically affects us...[and it has become] a priority for the first time in our history." Among his suggestions for combating piracy at the theatre level was employee policing—establishing incentive programs for turning in pirates.



Orpheum Theatres' Bill Campbell, Marcus Theatres' Steve Marcus, Polson Theatres' Ayron Pickerell, Mid-States NATO's Belinda Judson, Dickinson Theatres' Ron Horton, Great States co-chair Darrell Gabel and Kagan analyst and moderator Derek Baine discuss the issues facing the industry at the annual **BOXOFFICE** Conference.



pants, ticket sales for "Seabiscuit" and "Open Range" are "still dribbling in," according to Pickerell. As Marcus summed it up, "In the heart of a film buyer beats an eternal optimist."

AWARDS PRESENTATION

After a murder-mystery dinner, during which conventioners participated in solving the crime perpetuated by a dinner theatre troupe, Great States presented its annual Friends of Exhibition and Founders Awards. To a standing ovation, "TC" Costin, who started out handling wooden Coke crates at a drive-in in Montana and today operates his own business in Aurora, Colo., accepted his Friends of Exhibition Award, saying, "It took me 50 years to get here." Also