



The State of Independent Film Exhibition in Canada

March 2024

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exploitants
canadiens
indépendants



Network of
Independent
Canadian
Exhibitors

Table of Contents

- 3. Executive Summary
- 4. Methodologies and Statistical Significance
- 5. Takeaways
- 6. About Canadian Independent Film Exhibitors
- 10. Canadian Films Need Independent Canadian Exhibitors
- 15. Financial Landscape
- 21. Policy Solutions
- 23. Policy Solution #1: Eliminate Clean Runs
- 27. Policy Solution #2: Eliminate Zones
- 31. Call to Action

Executive Summary

Independent film exhibition in Canada is in crisis.

There are many reasons for this current pinch point, before audiences have returned to pre-pandemic levels. More insight on the causes can be found [here](#).

Based on a new nationwide survey, this report focuses on the current state of affairs and the solutions available.

Independent film exhibitors play a crucial role. 34% of these venues are the only cultural or entertainment option in their community. Independent exhibitors are also key for Canadian film, with 936 Canadian titles screened amongst respondents in 2023.

NICE and independent film exhibitors require immediate short-term funding: The financial landscape is stark, with a staggering 60% operating at a loss at the end of the most recent financial year.

When asked what dollar amount per year for three years would allow respondents to keep their doors open, the plurality of respondents chose \$50,000¹. Keeping independent exhibition alive would be an incredibly rewarding investment.

¹ This question was asked in an additional survey, circulated after the first survey had closed. This additional survey had 25 respondents.

NICE also suggests policy changes that would reduce the need for this funding long-term:

Limit studio demands: An overwhelming majority at 81% of independent film exhibitors are impacted by clean runs² required by major studios.

Eliminate zones³: 53% of independent film exhibitors must wait for Cineplex in their 'zone' to finish playing a new release before they are allowed to show it.

NICE looks forward to collaborating with our partners including Telefilm, the Ministry of Canadian Heritage, and the Ministry of Innovation, Science and Industry in order to ensure the viability of the independent film exhibition sector in Canada.

Sonya William
Director, NICE

² Definition on page 23.
³ Definition on page 27.

Methodology and Statistical Significance

As the only industry body dedicated to independent film exhibition in Canada, the Network of Independent Canadian Exhibitors (NICE) knows that the sector is critically overlooked and misunderstood.

In order to address these gaps, NICE conducted a survey to quantify the current state of independent film exhibition. The study was conducted from December 19, 2023 through February 9, 2024.

This survey was available to all 181 members of NICE in both English and French. The results capture the experience of 67 independent film exhibitors across all regions, in communities large and small.

In 2021, there were approximately 350 independent cinemas in Canada¹. With 65 of the respondents being year-round, brick-and-mortar independent cinemas, this is a nationally representative sample with a high degree of statistical significance.

¹ *Big screen, bigger problems: Canada's independent movie theatres seek their own Hollywood comeback; The Globe and Mail, October 21, 2021*

Takeaways

34% of independent film exhibitors are the only cultural or entertainment option in their community.

936 Canadian films were given the big-screen treatment amongst survey respondents in 2023.

60% of independent film exhibitors operated at a loss at the end of their most recent fiscal year.

66% of independent film exhibitors need increased public funding in order to remain operational.

\$50k is the most common response¹ for the additional funding needed per year for three years to close the immediate gap.

¹ This question was asked in an additional survey, circulated after the first survey had closed. This additional survey had 25 respondents.

81% of independent film exhibitors are impacted by the enforcement of clean runs.

62% of independent film exhibitors would find the lifting of clean runs to be 'paradigm-shifting' or 'very much' impactful for their business.

53% of independent film exhibitors have to clear a Cineplex in a zone before they can show the same film.

40% of independent film exhibitors would find the lifting of zones to be 'paradigm-shifting' or 'very much' impactful for their business.

77% of independent film exhibitors placed government advocacy as the #1 priority for NICE. Independent film exhibitors understand that they need a seat at the table.



About Canadian Independent Film Exhibitors

The results capture the experience of 67 independent film exhibitors operating across all regions, in communities large and small. This is a nationally representative sample that can be relied on to represent the state of the independent film exhibition industry at large.



67 independent film exhibitors
responded to the survey,
representing:

- 65 year-round brick-and-mortar cinemas
- 1 seasonal exhibitor
- 1 drive-in cinema

152 screens

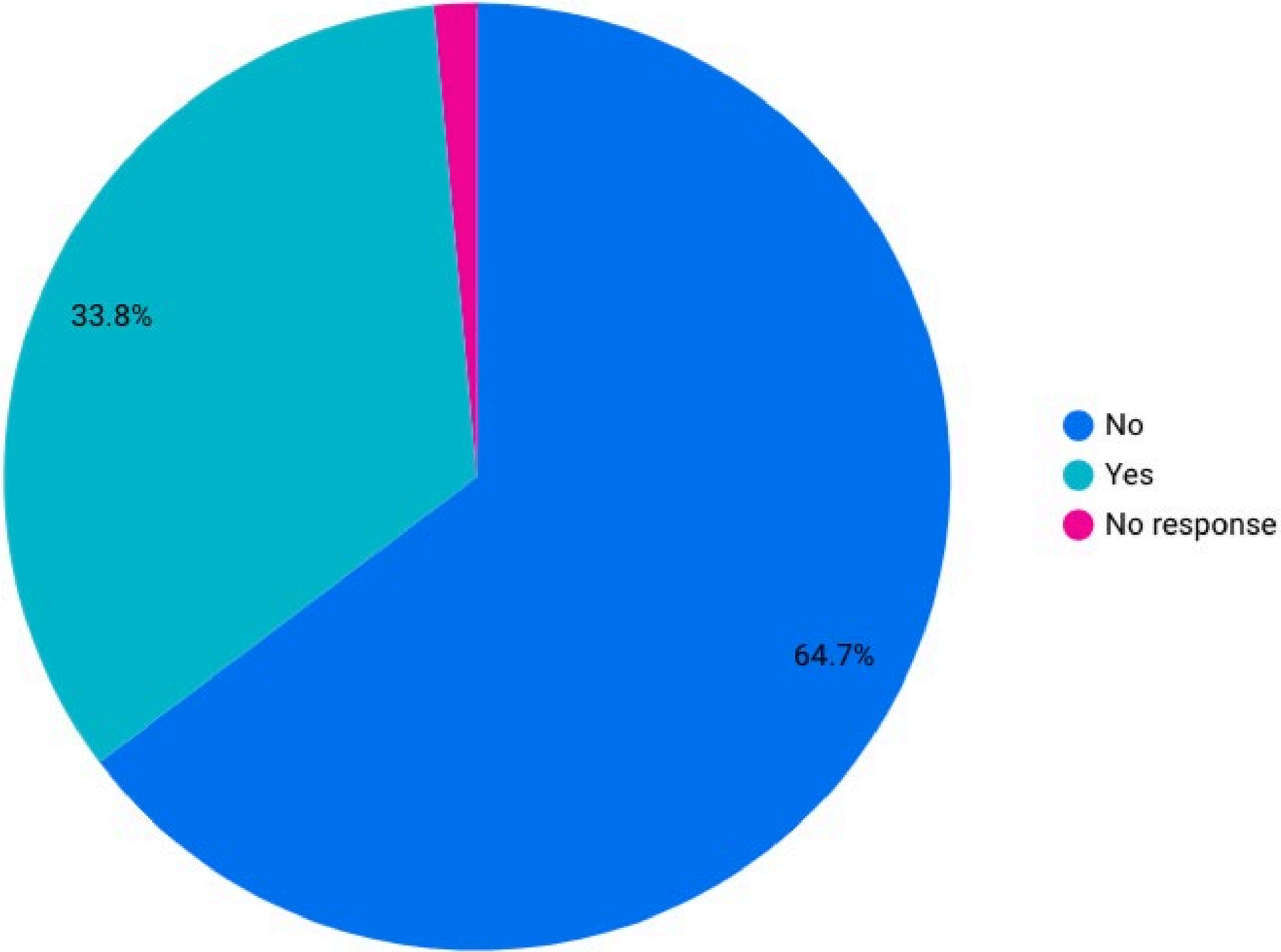
Rural, suburban and urban

Reached an audience of 2,494,864¹
in the past 12 months

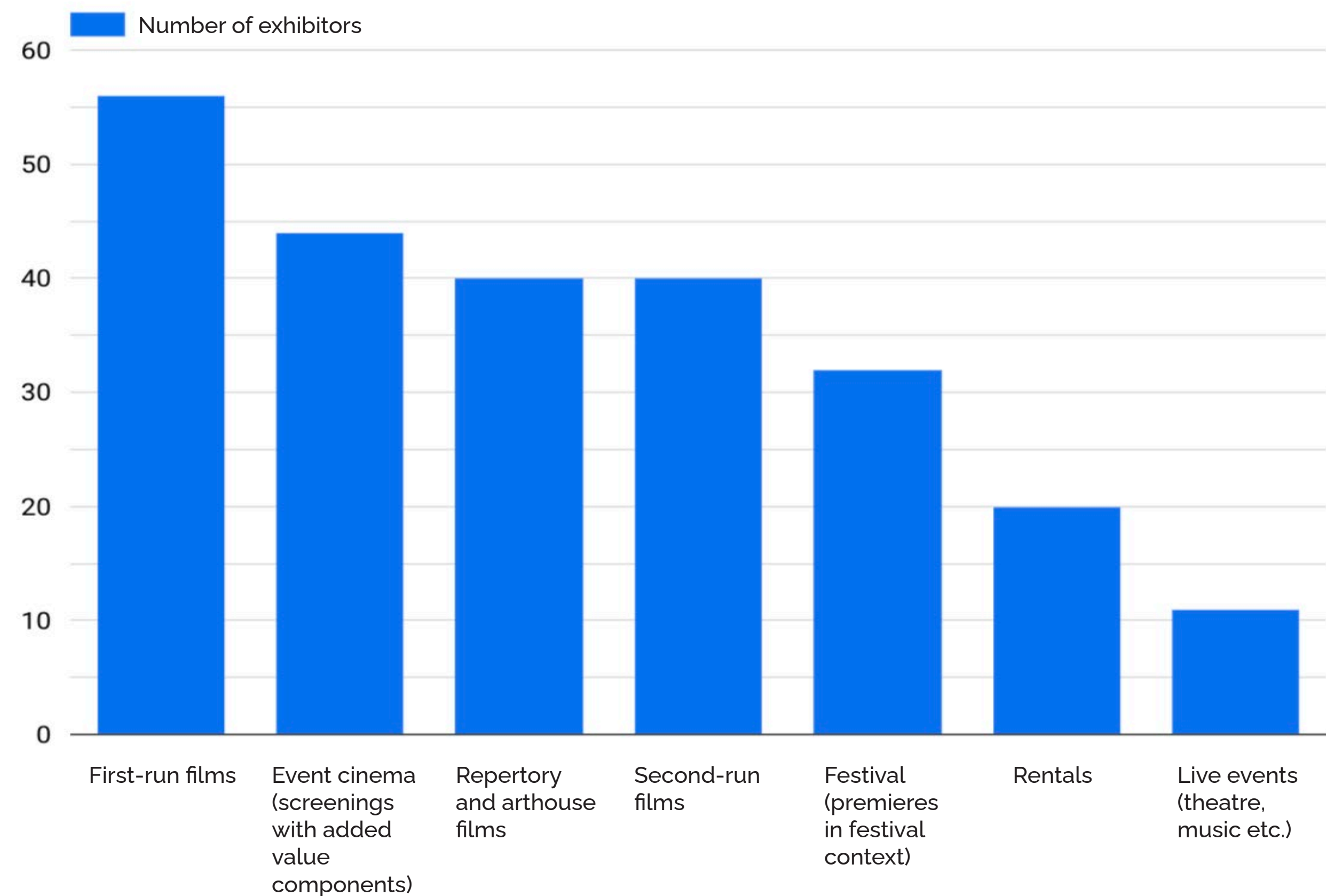
¹ This total represents 64 survey respondents; 2 respondents left this question blank.

With 34% of independent film exhibitors being the only cultural or entertainment option in their community, the closure of these venues poses imminent risk for the viability, attractiveness and livability of rural areas across Canada.

Q: Are you the only cultural/entertainment option in your community?



Independent film exhibitors play many roles and service a variety of audiences. Respondents primarily show first run films, followed by special event cinema. They also host film festivals and other third-party events, offering venues for independent and up-and-coming event producers.



This programming breakdown is taken from respondents' entries in the NICE database, submitted upon enrolment.

Canadian Films Need Canadian Independent Film Exhibitors

While a shift to streaming appeared to move the needle away from theatrical: today, streamers are choosing to open their films theatrically.

Audiences trust their local exhibitors to introduce them to movies they will love. This is especially important for lesser-seen Canadian titles.

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Case study: Tautuktavuk (What We See)

Selected for TIFF 2023 and one of TIFF Canada's Top Ten films of 2023, *Tautuktavuk (What We See)* is an award-winning film featuring a unique contemporary Inuit women's perspective.

In March 2024, *Tautuktavuk (What We See)* opened with Canadian independent film exhibitors only.

The venues which opened this film are all NICE members. Many venues included a value-add opportunity, eventizing the screening to draw larger audiences.

Tautuktavuk (What We See) reached audiences across Canada at TIFF Bell Lightbox, Dave Barber Cinematheque, Cinema Cartier, Westdale Cinema, VIFF Centre, Cinéma Public and ByTowne Cinema.



Indigenous narrative sovereignty is a priority as laid out by the UN Declaration on the Rights of Indigenous Peoples (UNDRIP) which received royal assent in Canada in 2021. Without a diversity of venues who can give these films their due, the reach of these stories is greatly diminished.

In order to support Canadian and Indigenous storytelling and the discoverability of Canadian and Indigenous content, independent film exhibitors must be supported.

Independent film exhibitors support Canadian film. With financial incentives and the lifting of clean runs and zones, independents would be able to better support Canadian films to a domestic audience.

A total of **936** Canadian films were screened in 2023 amongst survey respondents.

Some exhibitors screened as many as **89** Canadian titles in 2023.

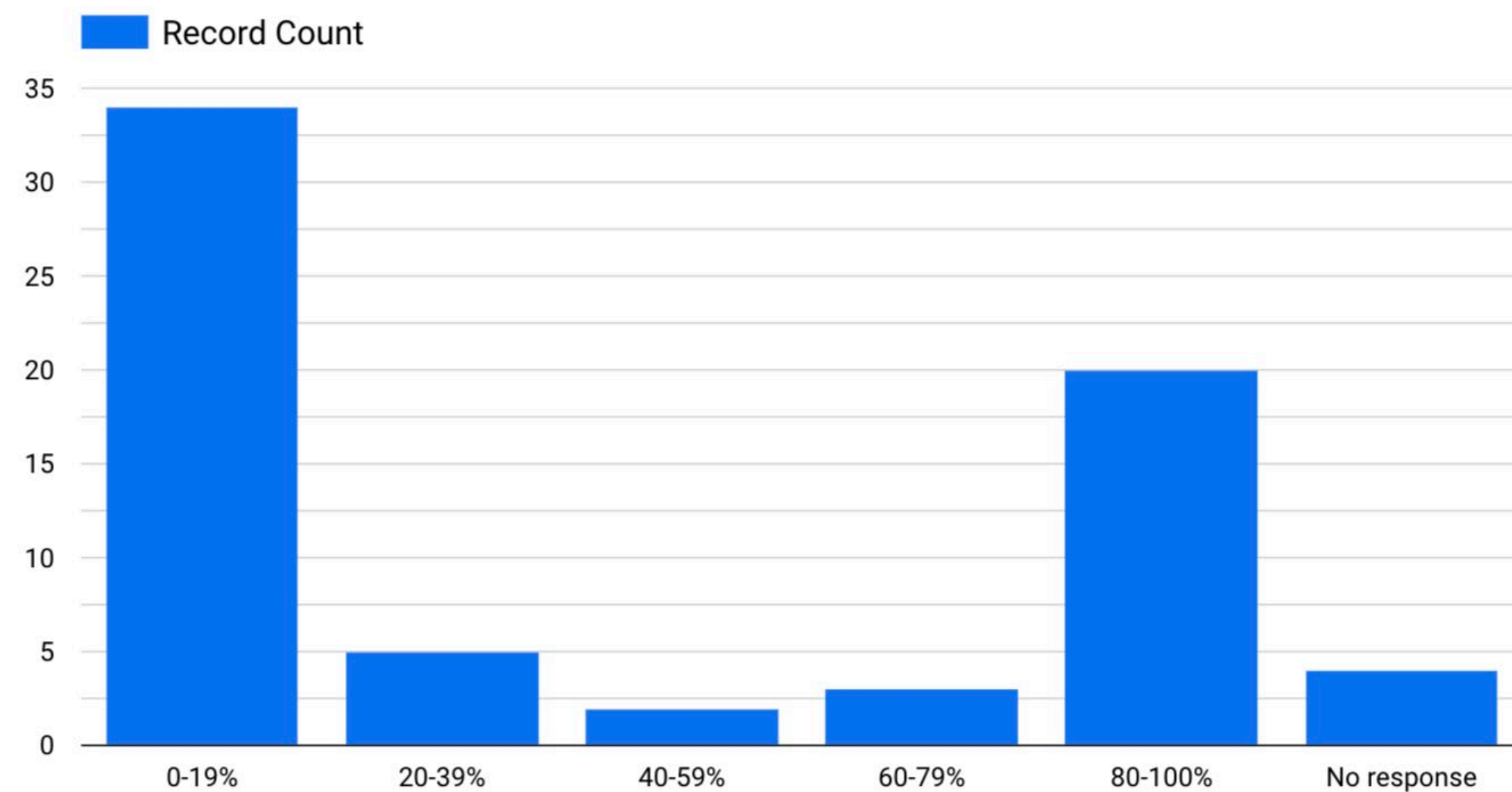
An average of **14** Canadian films were screened per independent exhibitor in 2023.

An average of **8%** of the total number of films screened per independent exhibitor in 2023 were Canadian¹.

¹ Three respondents left this question blank.

Interestingly, almost half of the Canadian films screened by independents are not new releases. This speaks to a need for better marketing support for new Canadian titles, alongside a dedicated program for repertory Canadian films to be available for cinemas to book.

Q: What percentage of the Canadian films you screened were new releases?



On the state of theatrical:

“While the pandemic forced movie studios to experiment with releasing expensive movies at home, just about every major media company is backing away from streaming films [...] Under pressure to deliver profits, they once again see value in theaters.”

– LUCAS SHAW, SCREENTIME, FEBRUARY 2023, BLOOMBERG

“Now that streaming has begun to mature, the pendulum is certainly swinging back toward a balance as these distributors see the kind of success they’ve been leaving on the table with an all-in approach to streaming.”

– SHAWN ROBBINS, CHIEF ANALYST AT BOX OFFICE PRO, ‘APPLE TO SPEND \$1 BILLION MAKING MOVIES FOR THEATERS, MATCHING AMAZON!’ REPORT, MARCH 2023, YAHOO! FINANCE

“Netflix has blunted their impact, because what happens to movies on streaming is that they go into the algorithm—so that you can find them, they’re there, but they don’t have the same kind of cultural presence that movies used to or traditionally distributed movies still do.”

– A.O. SCOTT, NEW YORK TIMES CHIEF FILM CRITIC, ‘OUR FILM CRITIC ON WHY HE’S DONE WITH THE MOVIES, THE DAILY, MARCH 2023, NEW YORK TIMES

“As a Canadian filmmaker, my role is to tell Canadian stories. Local cinemas are critical to my story reaching audiences in theatres right across this country. When my documentary *Trophy Town* completed production, it was local cinemas who embraced the film, resulting in sold out screenings, which gained attention by the press, which in turn got the attention of broadcasters and a television deal.”

– ROBERT BARRETT, CANADIAN FILMMAKER

Financial Landscape

The need for funding is immediate: Keep film exhibitors from closing their doors forever through direct, immediate investment.

Ensure their longevity through investing in NICE as an industry body to represent and support the sector.

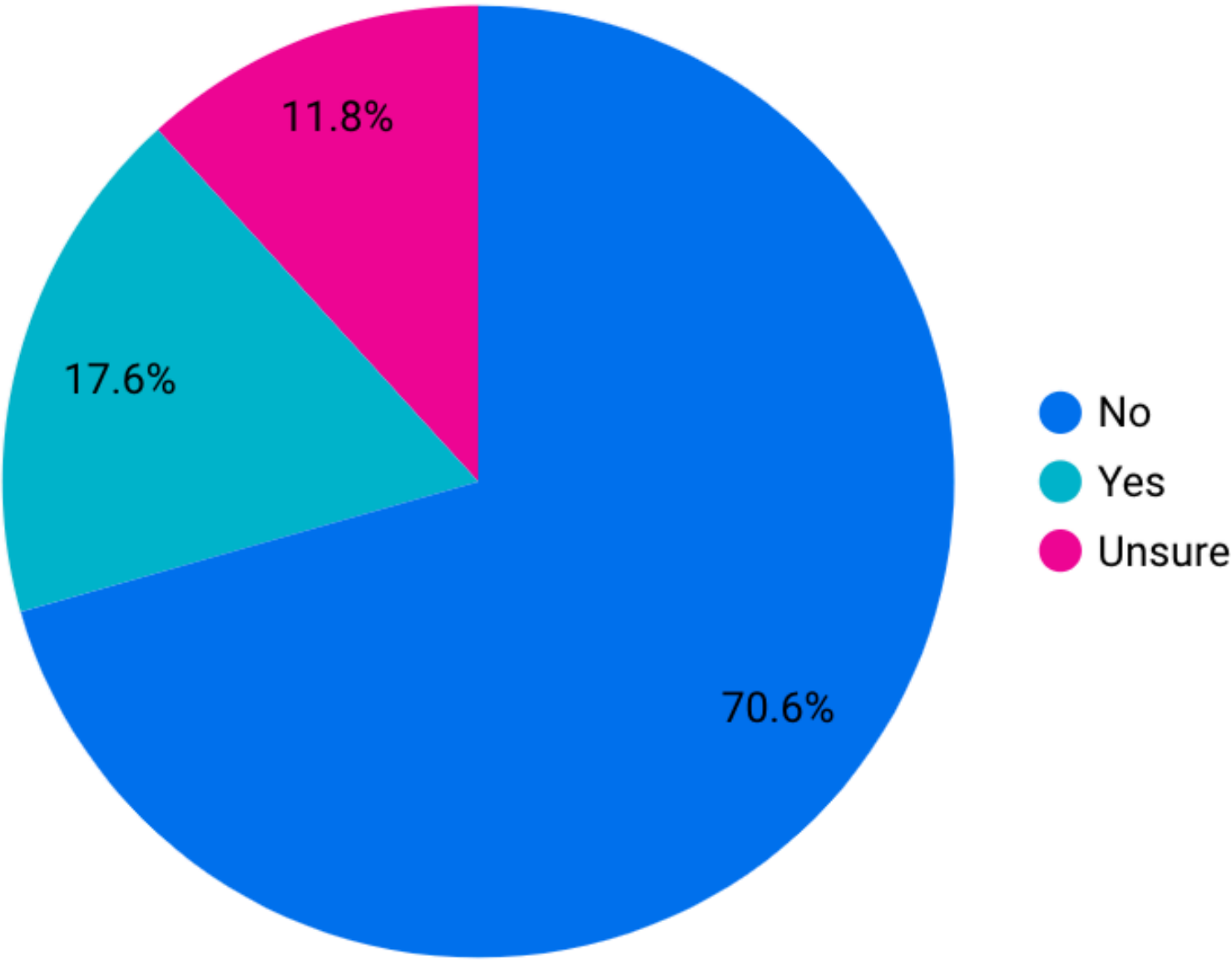
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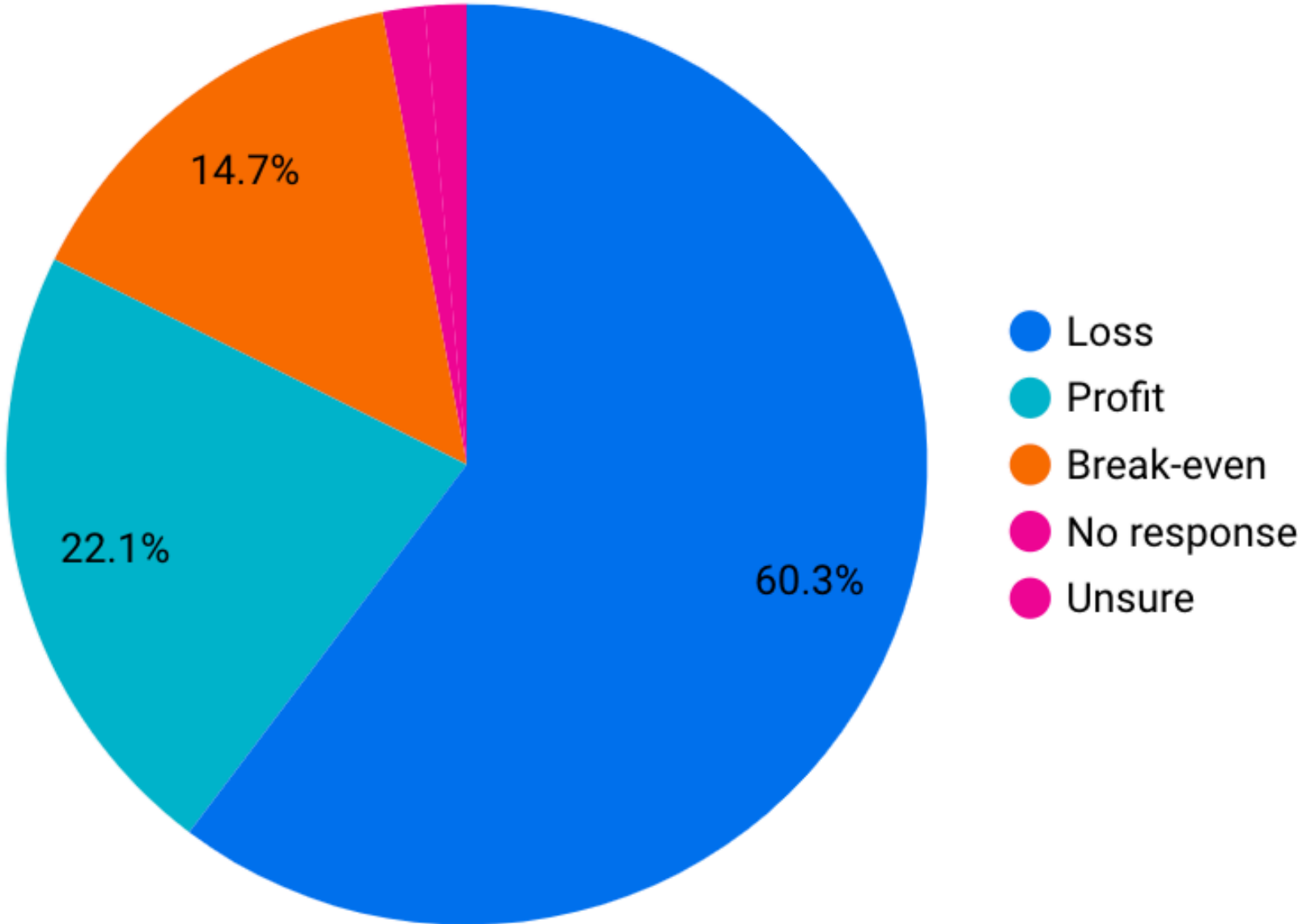
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The financial landscape is stark for independent film exhibitors, with a staggering 70% not having met their financial targets and 60% operating at a loss at the end of the most recent financial year. These overwhelming numbers speak to imminent closures and loss of exhibitors.

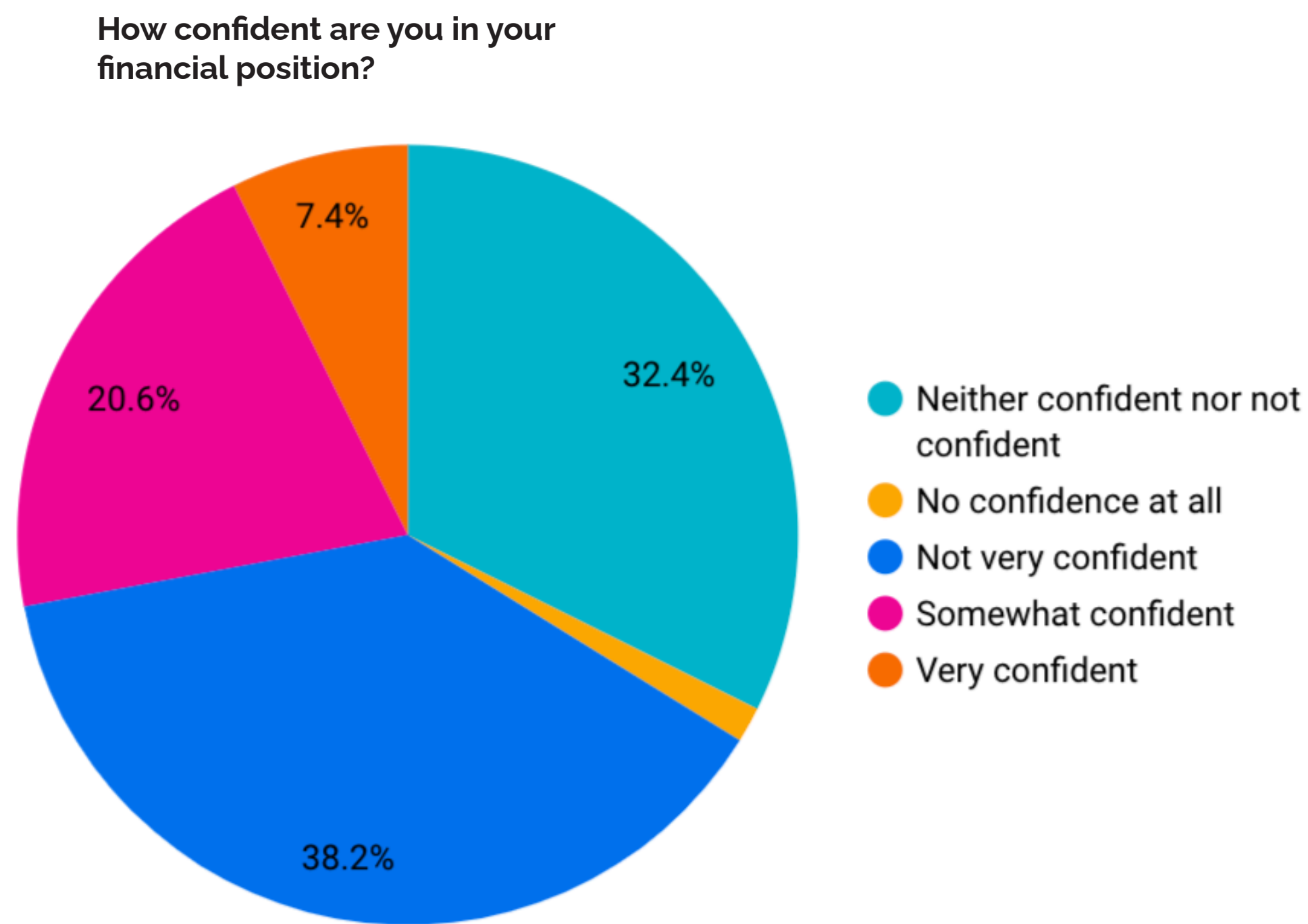
Q: Did you meet your income targets for the financial year?



Q: At the end of this financial year did you operate with a profit or loss?

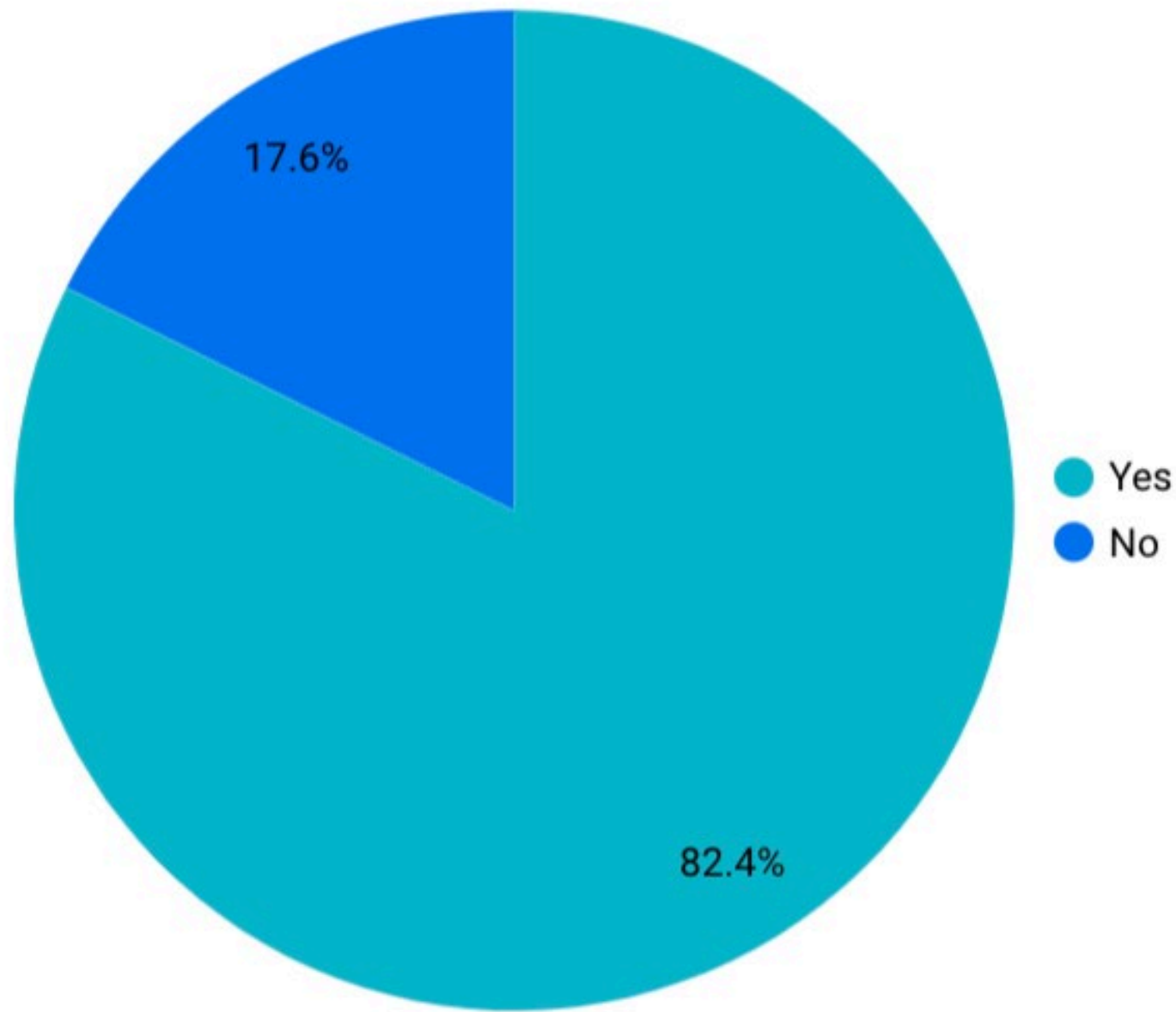


With 40% of exhibitors either not at all confident or not very confident in their financial position, and 32% neither confident nor not confident, it is clear that the market is in an uncertain position. Exhibitors need help ‘closing the gap’ to ensure these critical community spaces are maintained.

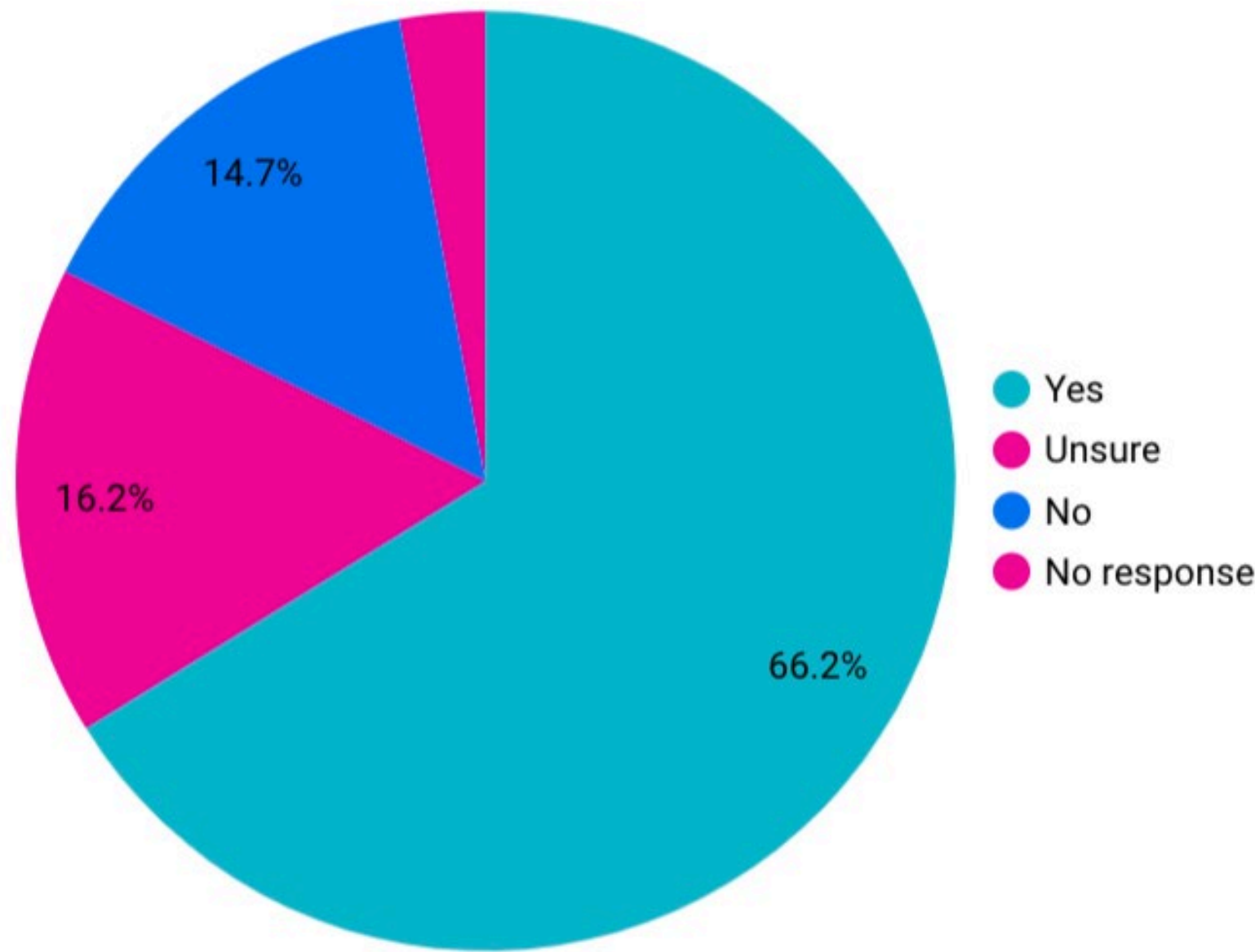


A strong majority of independent film exhibitors receive public funding, and also need more. Over 66% need further public/government financial support to remain operational. The risk of closure is imminent and real.

Q: Do you currently receive public funding?

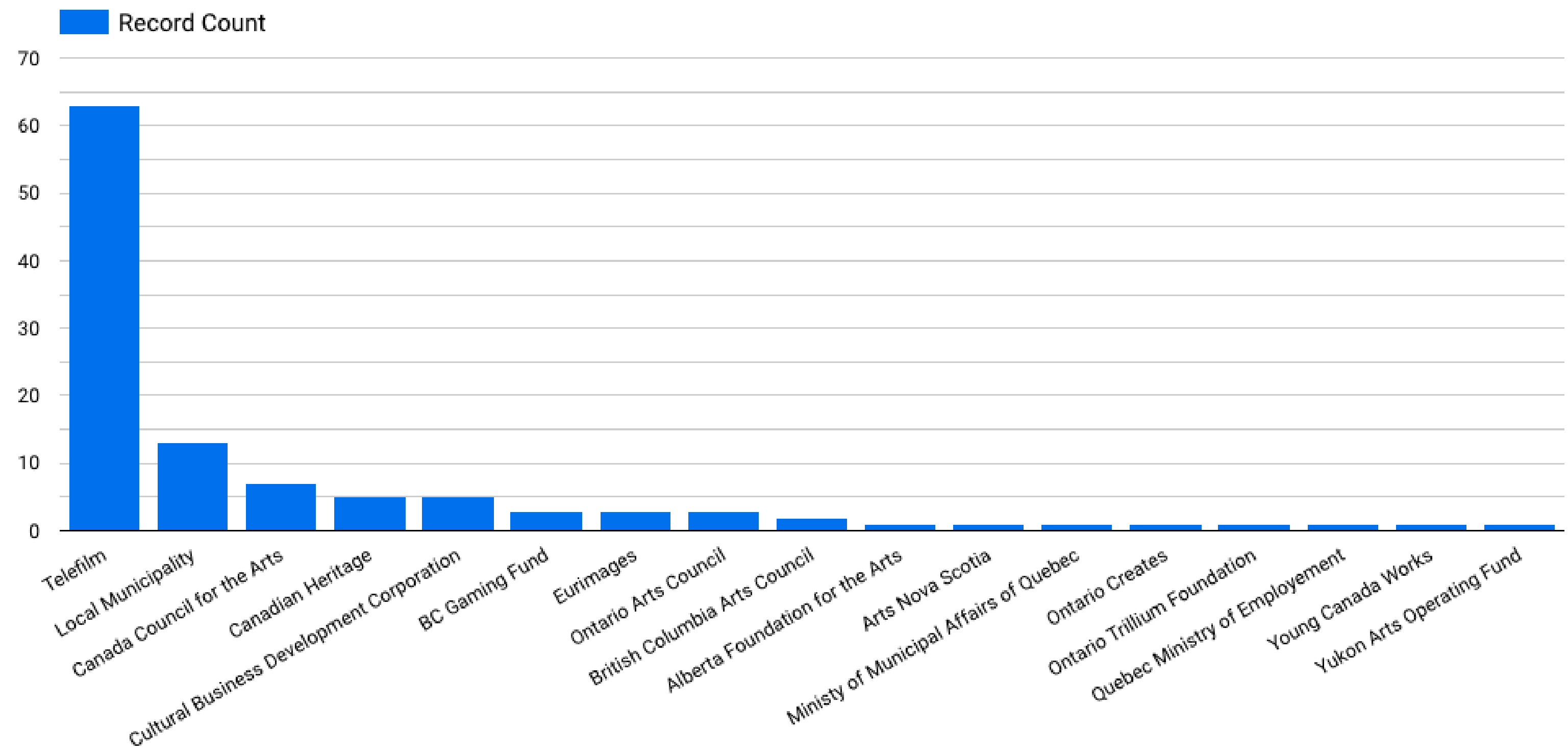


Q: Do you need further public/government financial support to remain operational?



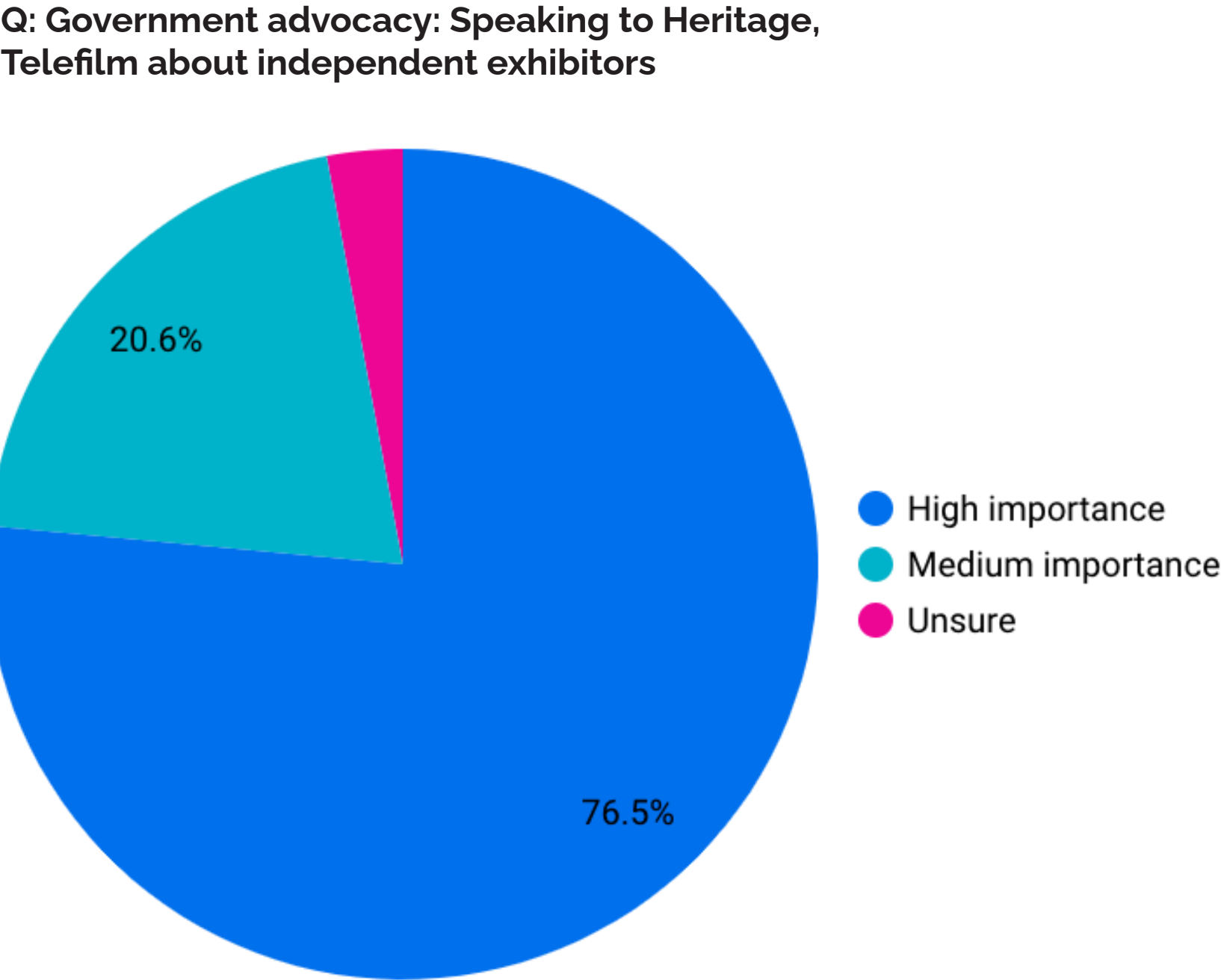
Telefilm is often the only public funder of independent film exhibitors. Exhibitors can apply for a maximum of \$5,000 per annum via Telefilm’s Theatrical Exhibition Program¹. The gap between Telefilm and other funders shows a need for diversification and strengthening of funds.

Q: Where do you presently receive public funding from?
Please select all that apply.



¹ In 2021 and 2022, Telefilm showed commitment to exhibitors through enhanced funding via the Theatrical Exhibition Program—over \$5,000 per year—buoyed by the Canadian Arts and Culture Recovery Program (CACRP) and the Recovery Fund for Arts, Culture, Heritage and Sport Sectors.

In a list of priorities for NICE, respondents chose government advocacy as the #1 priority, with 77% placing it as an item of high importance. Independent film exhibitors understand that they need a seat at the table and that NICE is best placed to represent them.



Policy Solutions

The financial landscape shows need for immediate funding support in order to keep doors open.

NICE also suggests policy changes that would reduce the need for this funding long-term. Independent film exhibitors need fair access to film.

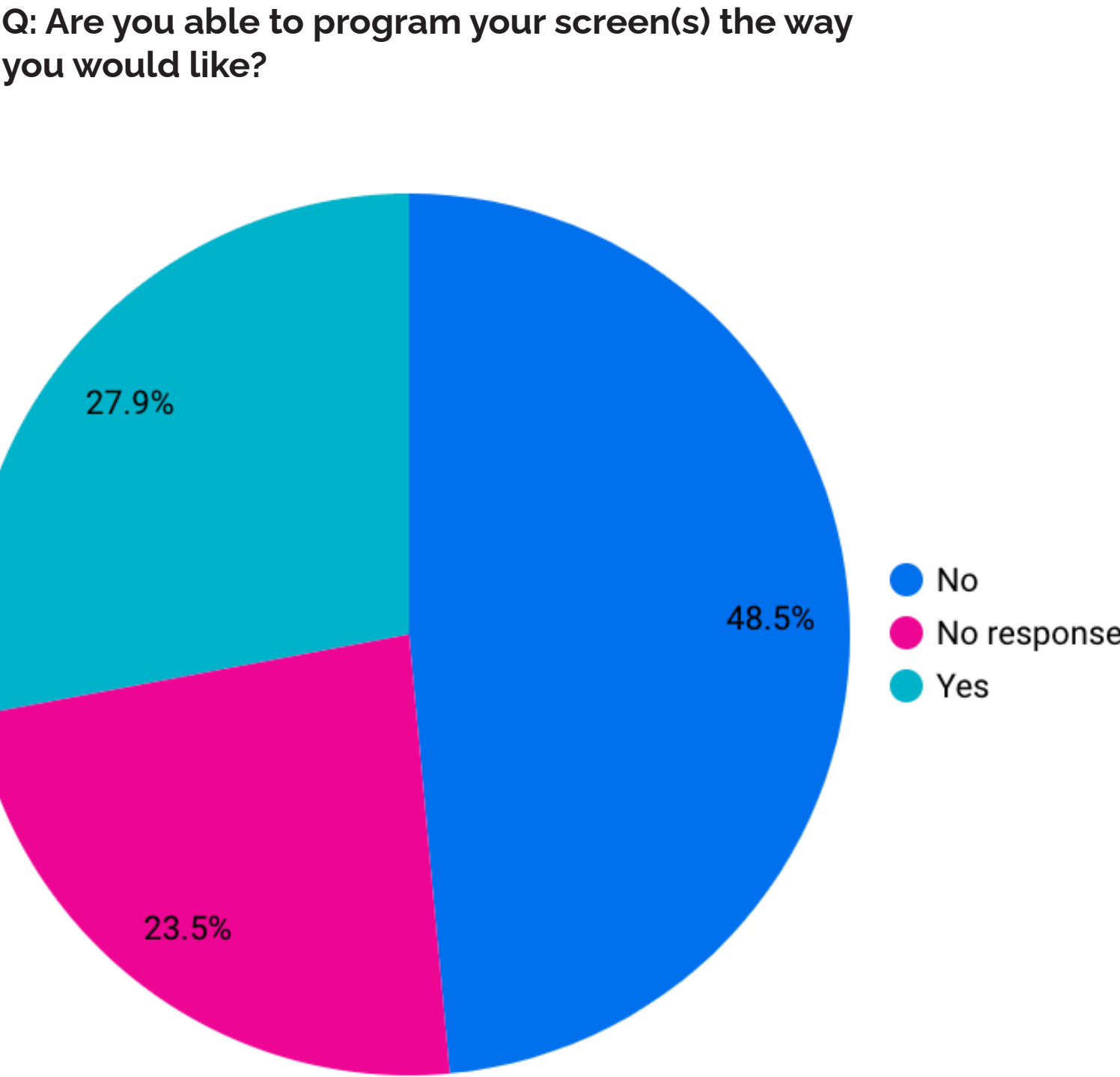
Independent exhibitors depend on NICE to represent their interests to all levels of government.

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Almost half of independent film exhibitors report not being able to program their screen(s) the way they would like. The large number of ‘no response’ answers also indicates confusion and a lack of clarity: Individuals may not be sure what a fair system would offer.



Policy Solution #1: Eliminate Clean Runs

Empower cinemas to schedule their own screens in a way that maximizes box office for the entire film ecosystem.

Definition of clean runs:

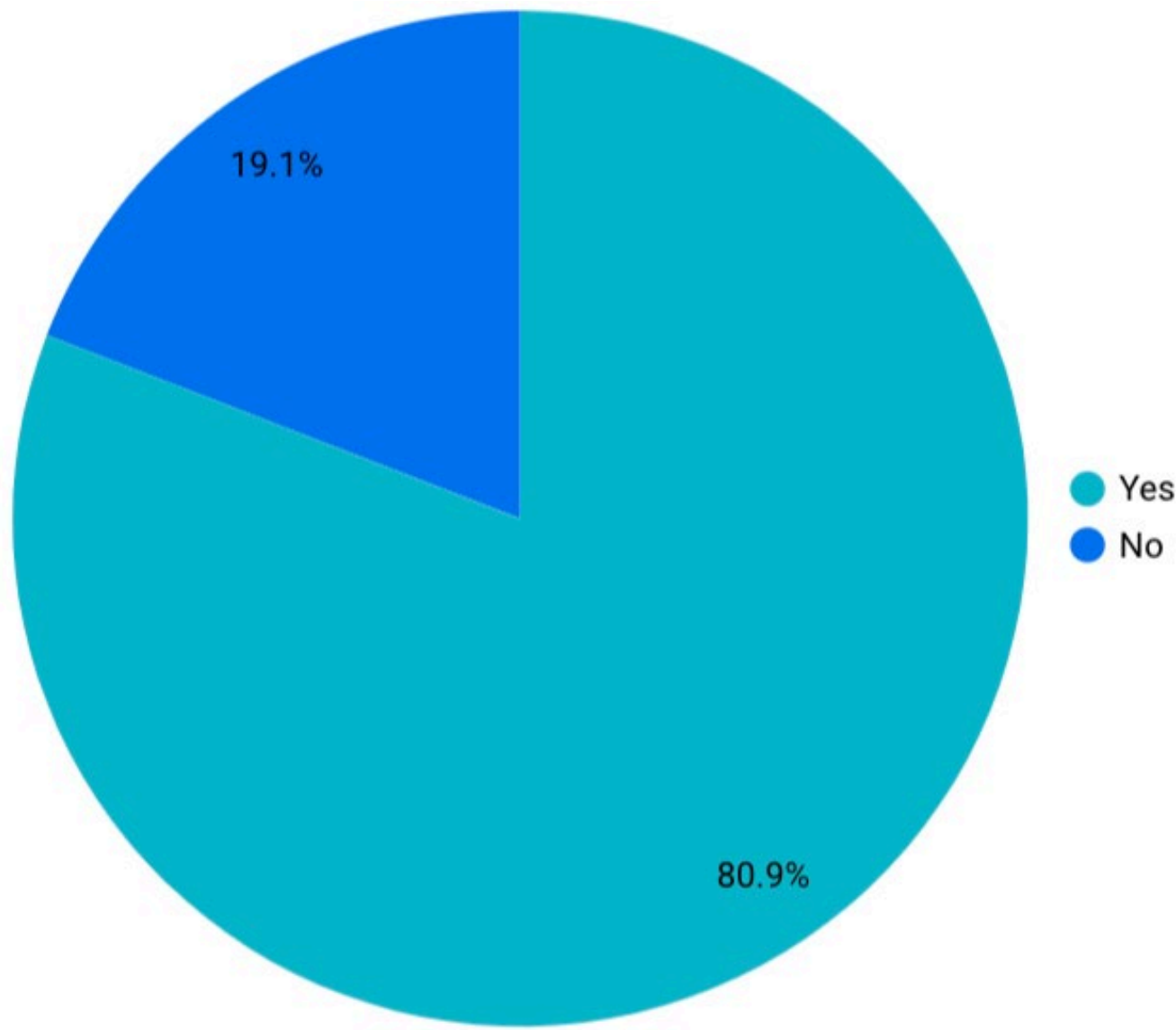
Some studios require two, three and four week runs for films on release.

These are called 'clean runs' as they only accommodate a single film playing in absolutely every showtime on a screen. These studios will deny any request to spare a single showtime.

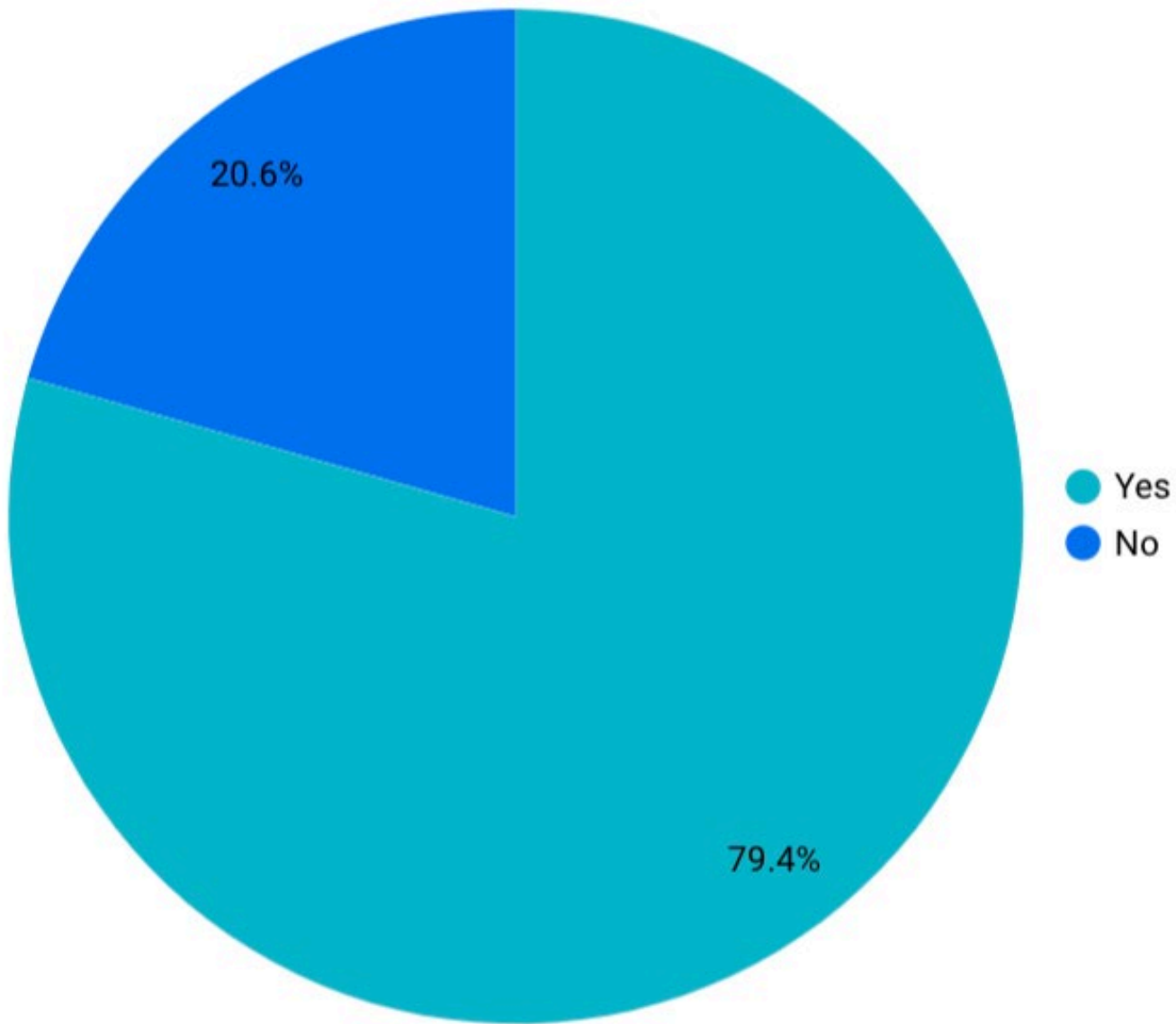
This is especially impactful for single-screen cinemas.

An overwhelming majority at 81% of independent film exhibitors are impacted by clean runs, and 80% report that clean runs impact their choice of films. This significant finding demonstrates an immediate need to address unreasonable studio demands.

Q: Is your organization impacted by the enforcement of 'clean runs'?



Q: Does the implementation of 'clean runs' impact your choice of films?



Testimonials on clean runs:

“We know our audiences, what they want to see, when they want to see it, and how long a given film will be successful at the box office in our community. We know we would sell more tickets more often and to more diverse audiences, in turn making more money for distributors and for our own cinema.”

— ANONYMOUS NICE MEMBER

“I cannot participate in National Canadian Film Day, which is a one-day coordinated event across the country in which cinemas show a Canadian film for free, because I am limited by my agreement to show *The Super Mario Bros. Movie* for three weeks straight.”

— ANONYMOUS NICE MEMBER

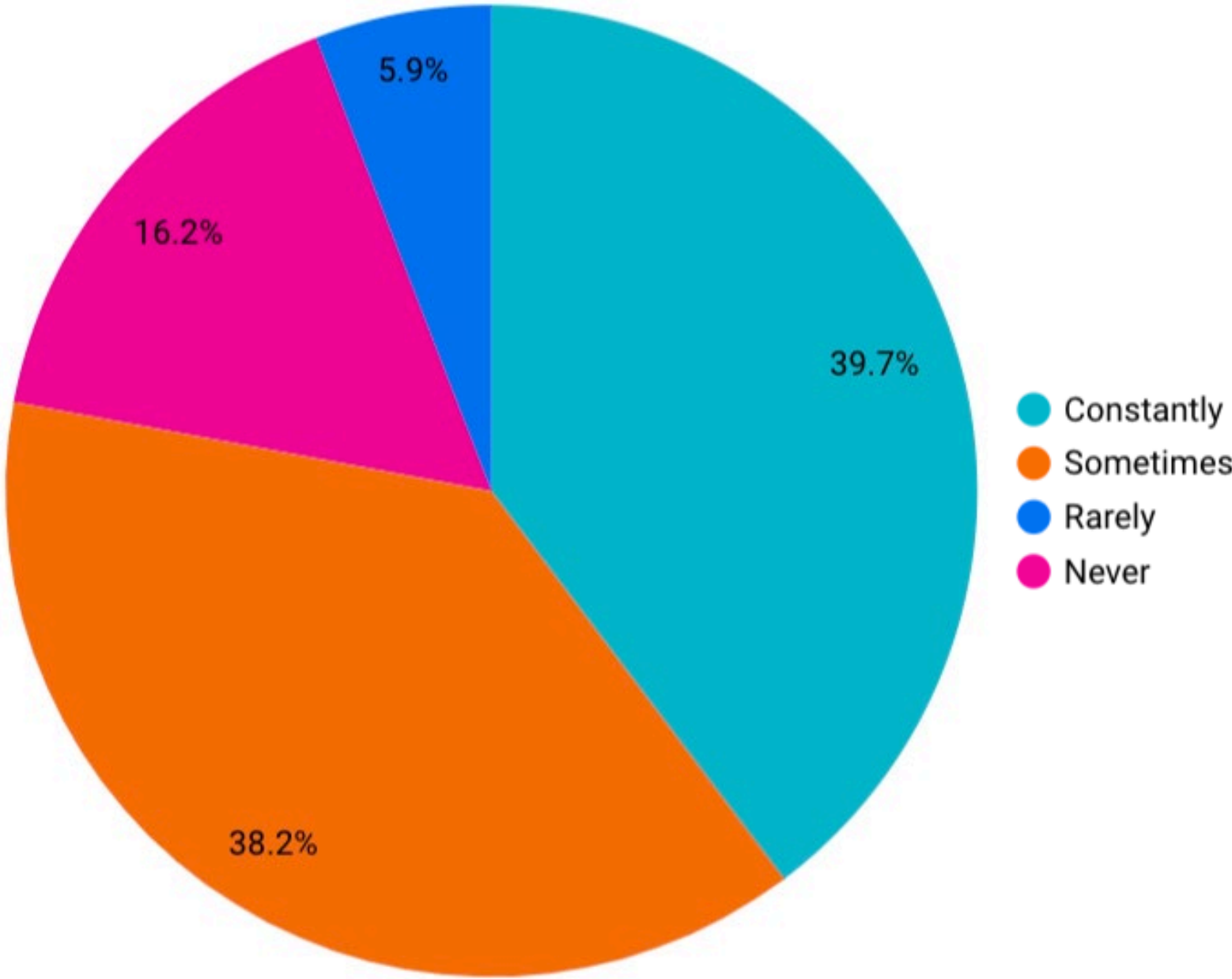
“In December of 2022, we were informed that in order to screen *Avatar: The Way of Water*, we would have to pay Disney a percentage of our total sales and host a clean run for four consecutive weeks. We had previously booked a comedian for a Live Showcase for early January, but were informed that we could have our Disney license revoked and lose out on all future Disney films if we ran the event. We felt as if we were strong-armed into canceling our show. That day, we screened *Avatar* and made a total of \$243.05 in ticket sales after they took their percentage split.”

— ANONYMOUS NICE MEMBER

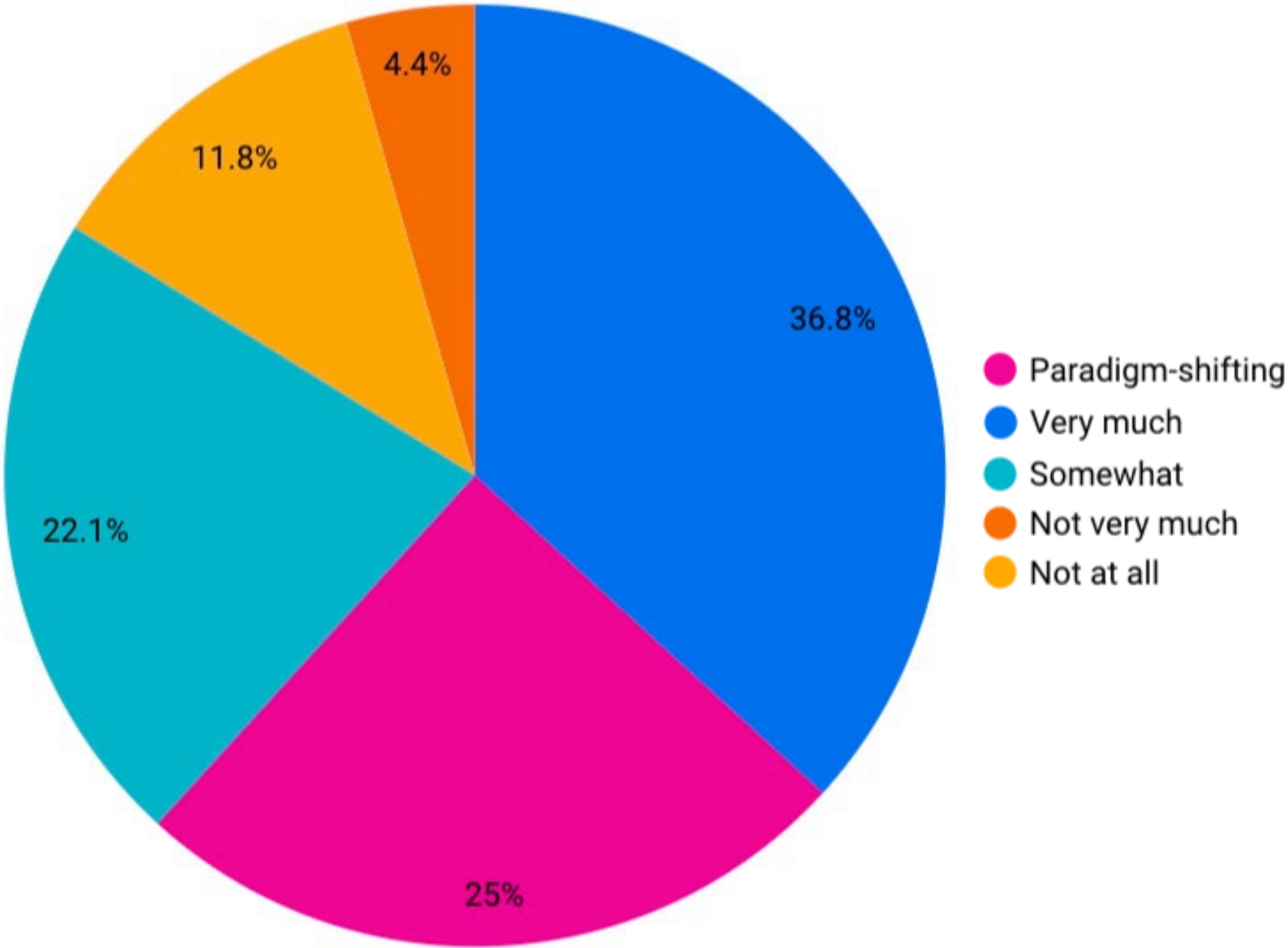
These testimonials are not from the January 2024 survey; they were shared with NICE anonymously for publication in early 2023.

Again, overwhelming numbers indicate a serious need to address clean runs. 40% of respondents are ‘constantly’ negatively impacted by clean runs, and 62% would find their eradication to be paradigm-shifting or very much impactful on their business.

Q: How regularly is your organization negatively impacted by the implementation of ‘clean runs’?



Q: How much would the eradication of ‘clean runs’ positively impact your business?



Policy Solution #2: Eliminate Zones

**Allow all cinemas to book films
at the same time.**

Definition of zones:

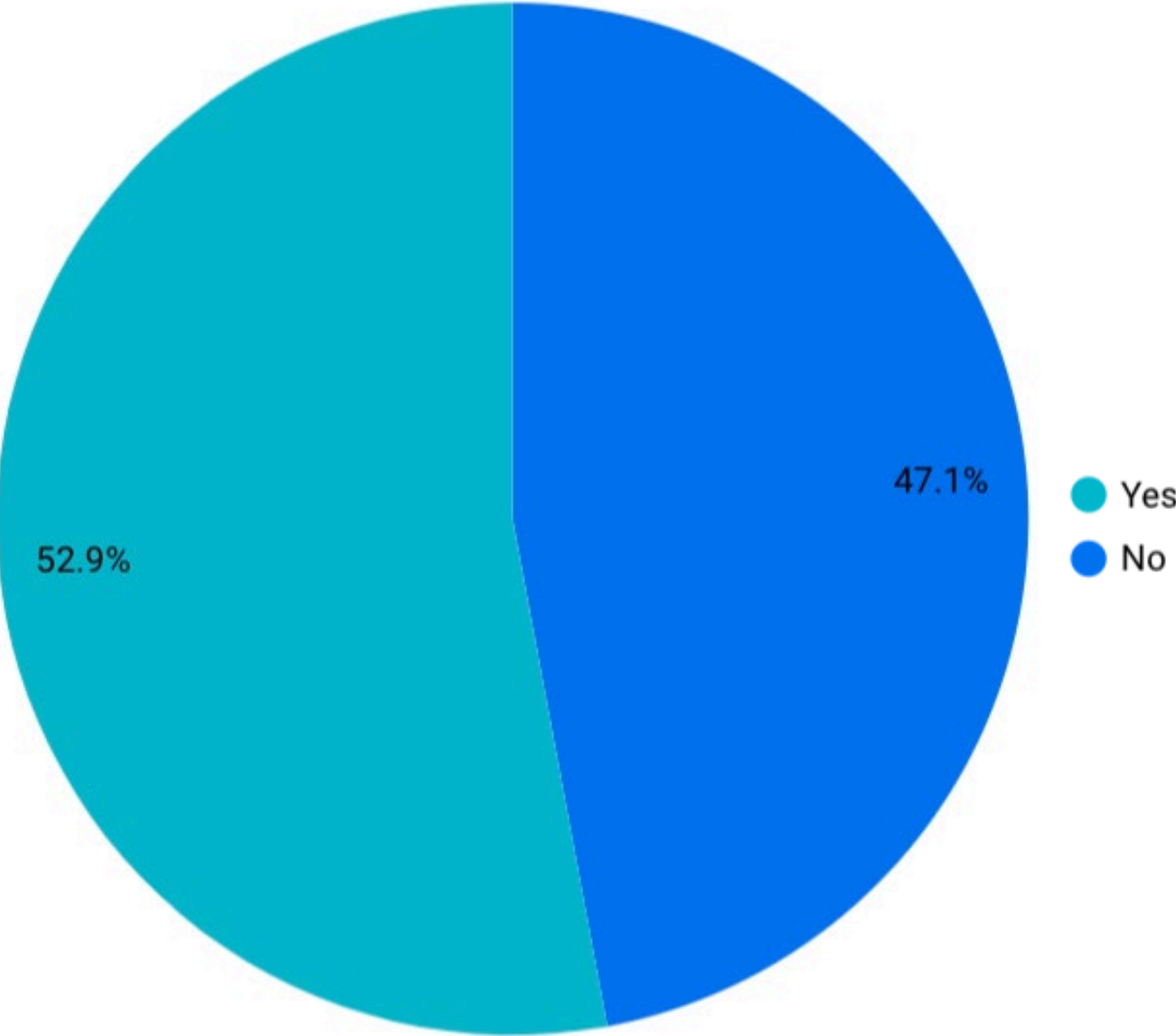
Many independent film exhibitors have second-class access to film: they must wait for another exhibitor to finish playing a film before they are allowed to show it.

This is enforced by 'zones' which capture geographic areas in which these exhibitors are established. There is no map of zones available, even to the independent cinemas who are subject to their restrictions. Zones may change at any time.

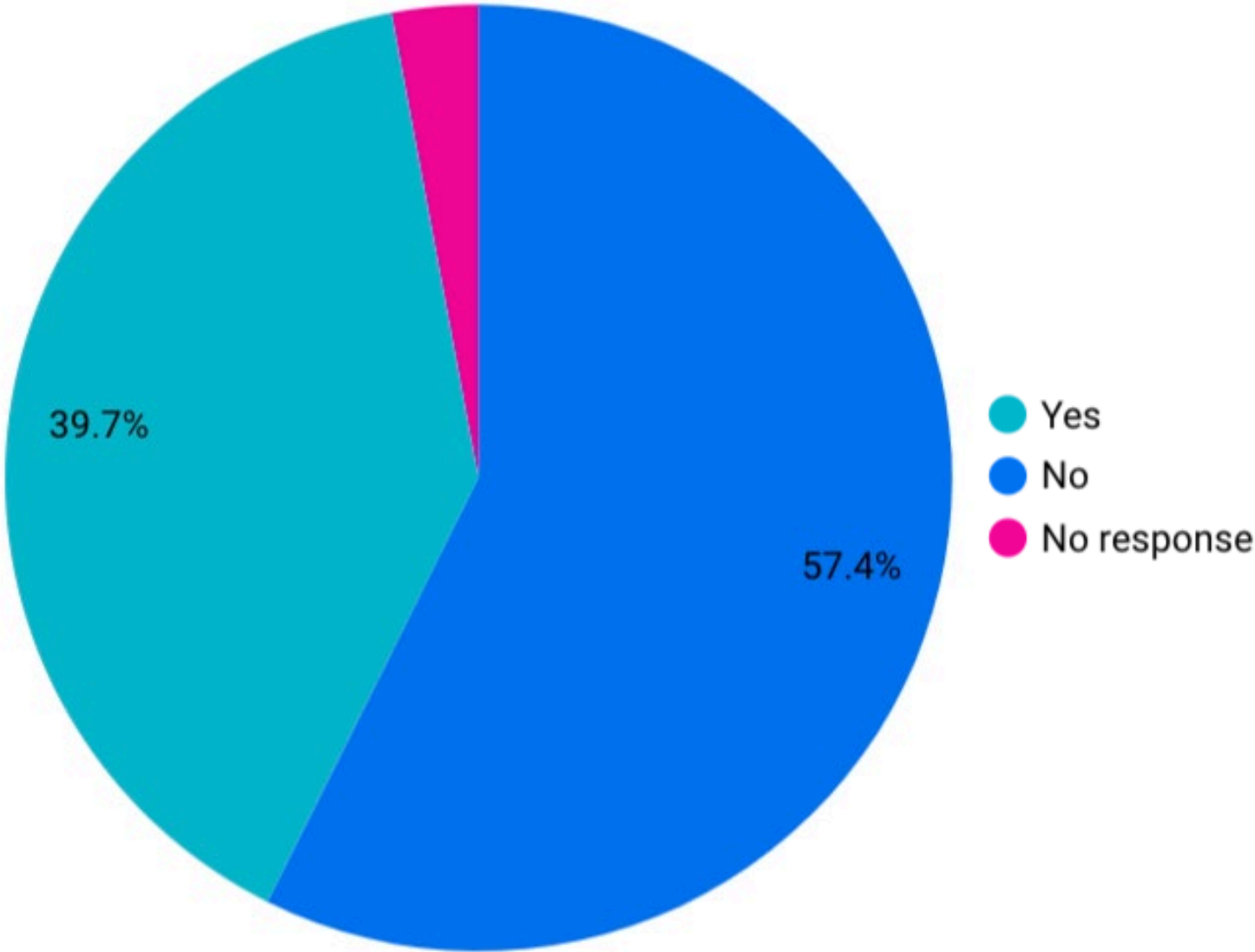
Zones often operate in favour of Cineplex locations. Cineplex had 74% box office market share in 2023 and operates 158 cinemas across Canada: less than half the number of independents.

Over 50% of independent film exhibitors must wait for Cineplex to finish playing a new release before they are allowed to show it. 40% are subject to this restriction from multiple Cineplex locations. This inconsistent rule-setting speaks to Cineplex’s market dominance.

Q: Do any of your venues have to clear a Cineplex?



Q: Does this venue (or do these venues) have to clear multiple Cineplexes?



Testimonials on zones:

“Cineplex acts as an absolute monopoly. **Cineplex’s claims that film distributors act independently is for all intents and purposes – false.** Because of Cineplex’s enormous market share, no independent film distribution company can afford to do anything that Cineplex might perceive as going against its interests [...] If they make them angry enough, **Cineplex can find ways to punish distributors.** It’s never explicitly framed that way, but a distribution company could find that their movies aren’t getting enough screens at Cineplex theatres, or they’ll show a film at a theatre where it’s unlikely to get the right audience, or they’ll refuse to play trailers for their films before big releases.”

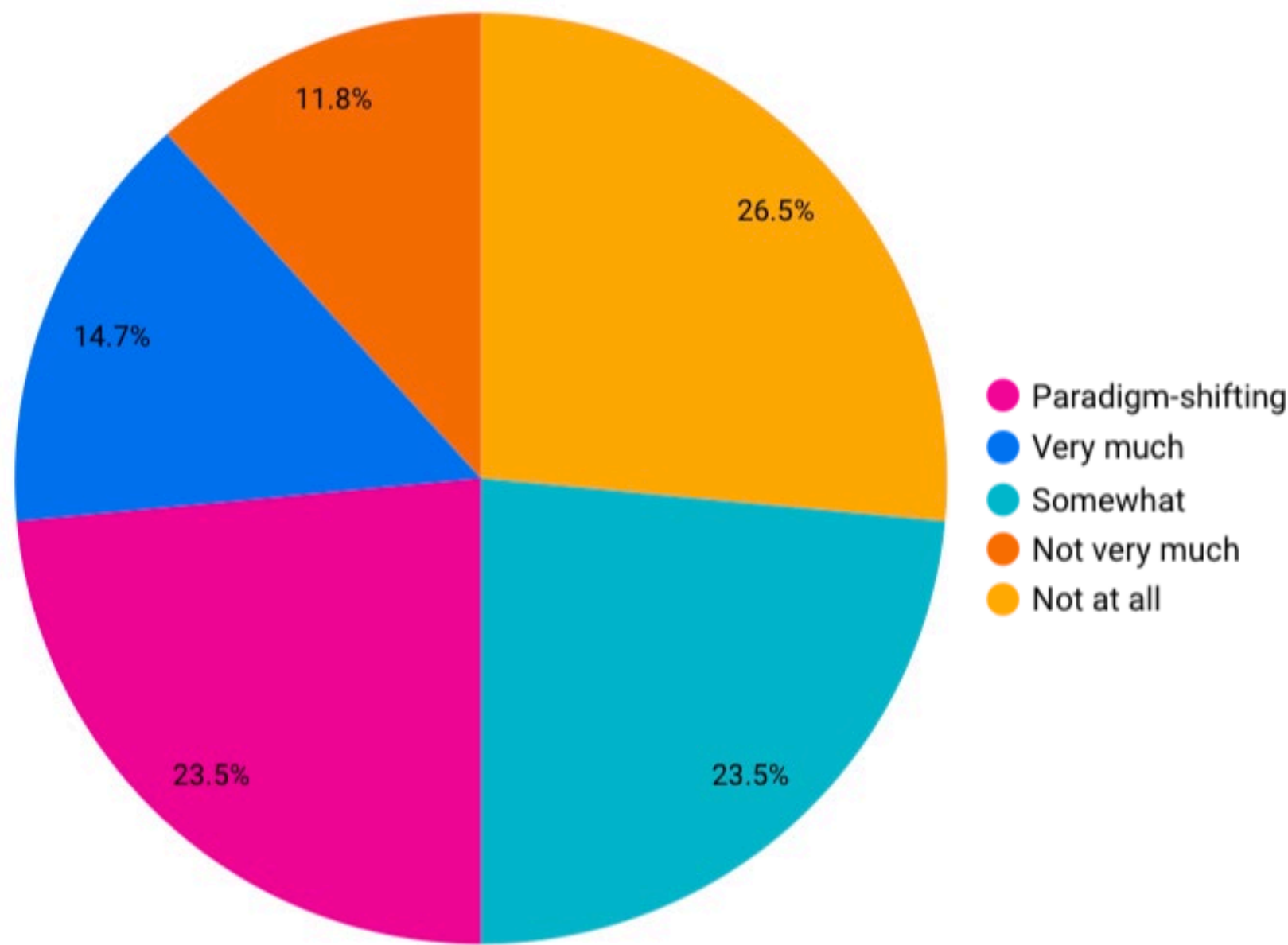
– ANONYMOUS HEAD OF CANADIAN DISTRIBUTION COMPANY ON CANADALAND COMMONS, FEBRUARY 22, 2023 EPISODE

“There’s a whole network in our industry where you can look up and see what any cinema’s box office sales are. So we can look it up and go, oh what are they doing with this, let’s say *Top Gun* at International Village? And we’ll see, oh they had three tickets yesterday. **So they can have a week where maybe only three people are coming and they will still hold it and the distributor will not let us show it, where we could get hundreds of people out.**”

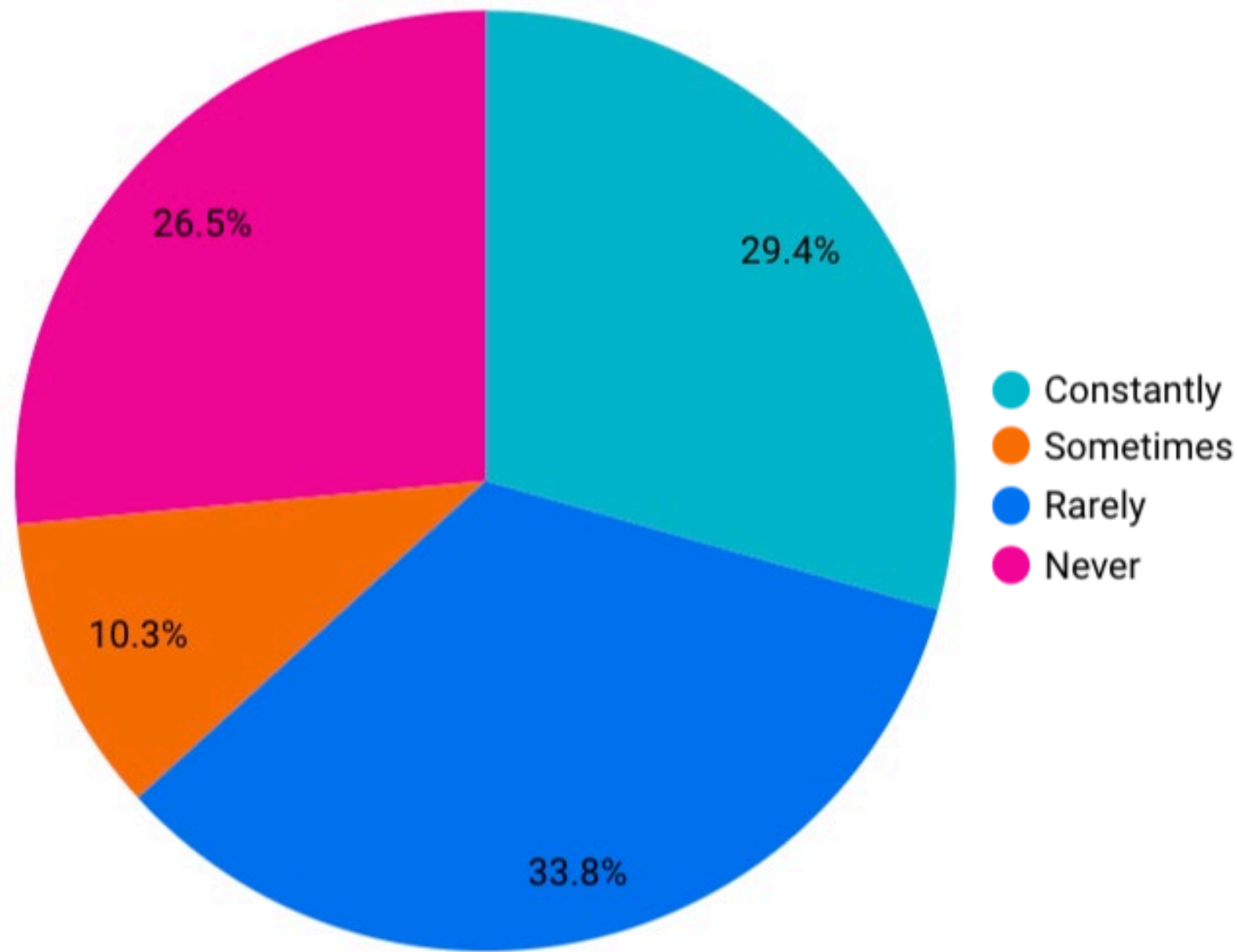
– INDEPENDENT FILM EXHIBITOR ON CANADALAND COMMONS, FEBRUARY 22, 2023 EPISODE

Near 40% of independent film exhibitors would find the lifting of zones to be ‘paradigm-shifting’ or ‘very much’ impactful for their business. Almost 30% are ‘constantly’ impacted by zones. By their own reporting, these businesses need policy change.

Q: How much would the lifting of zones impact your business?



Q: How regularly is your organization impacted by the implementation of zones?



Call to Action

The current financial landscape shows need for immediate funding support in order to keep doors open.

Policy changes would reduce the need for this funding long-term.

**Independent film exhibitors need fair access to film.
Once the barriers of clean runs and zones are lifted, independent film exhibition will become a more viable business proposition, as it is in other countries.**



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Questions? Email sonya@nicecinema.ca

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