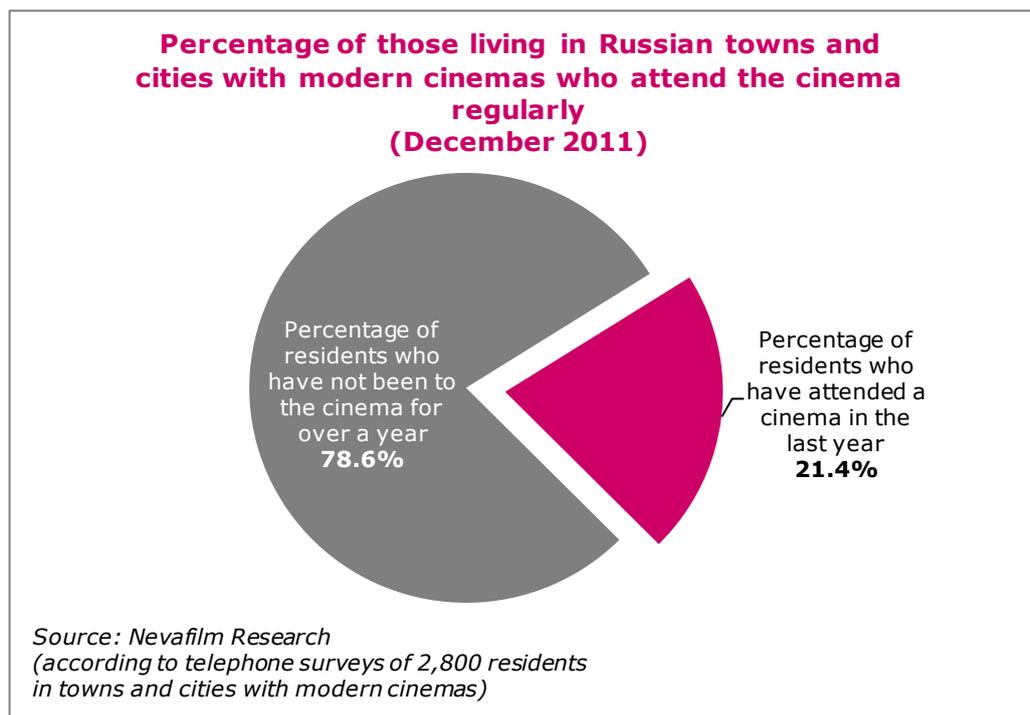


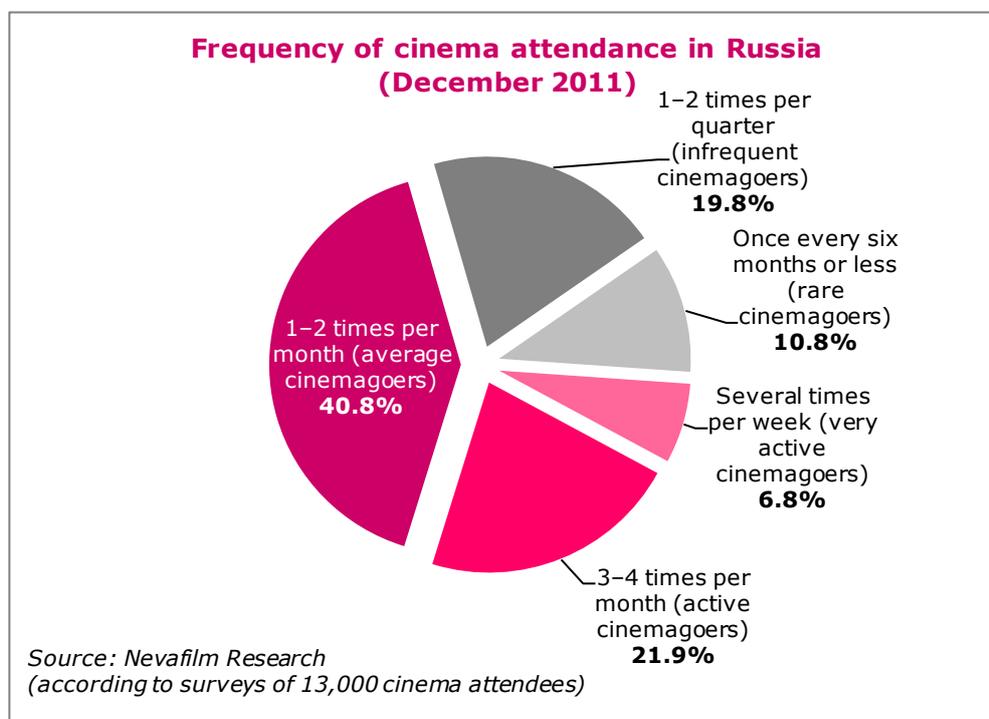
GOING HEAD-TO-HEAD WITH THE INTERNET TO BRING CINEPHILES BACK TO THE CINEMA

The results of Nevafilm Research's first Russia-wide audience survey in cinemas, over the telephone, and on the Internet

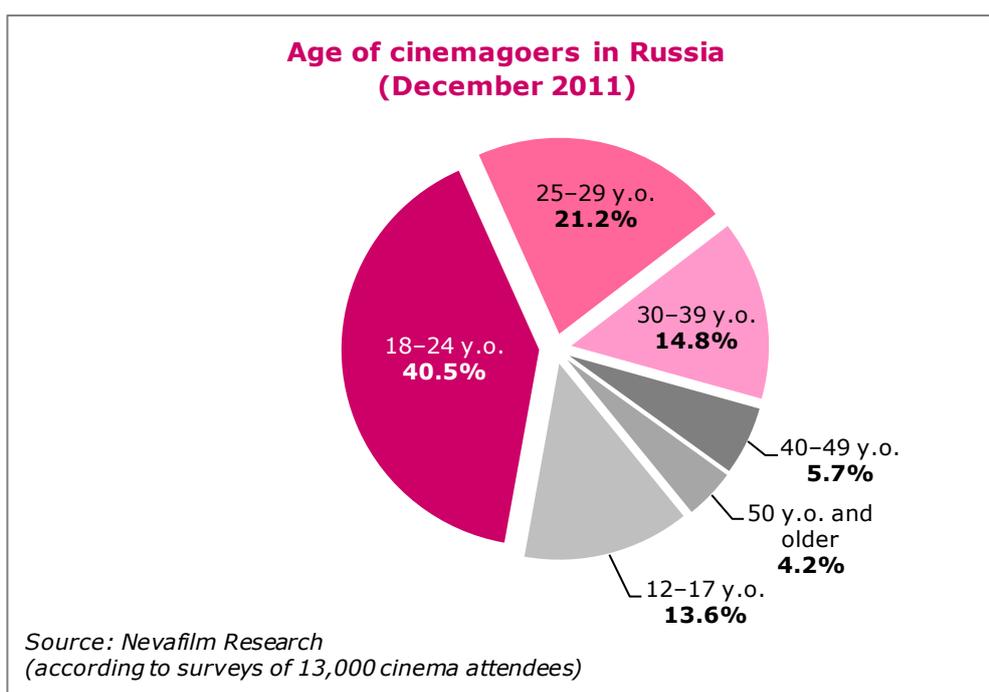
New research by Nevafilm's research office shows that only 21% of residents in towns and cities with modern cinemas are regular cinemagoers (coming to the cinema no less than once per year).



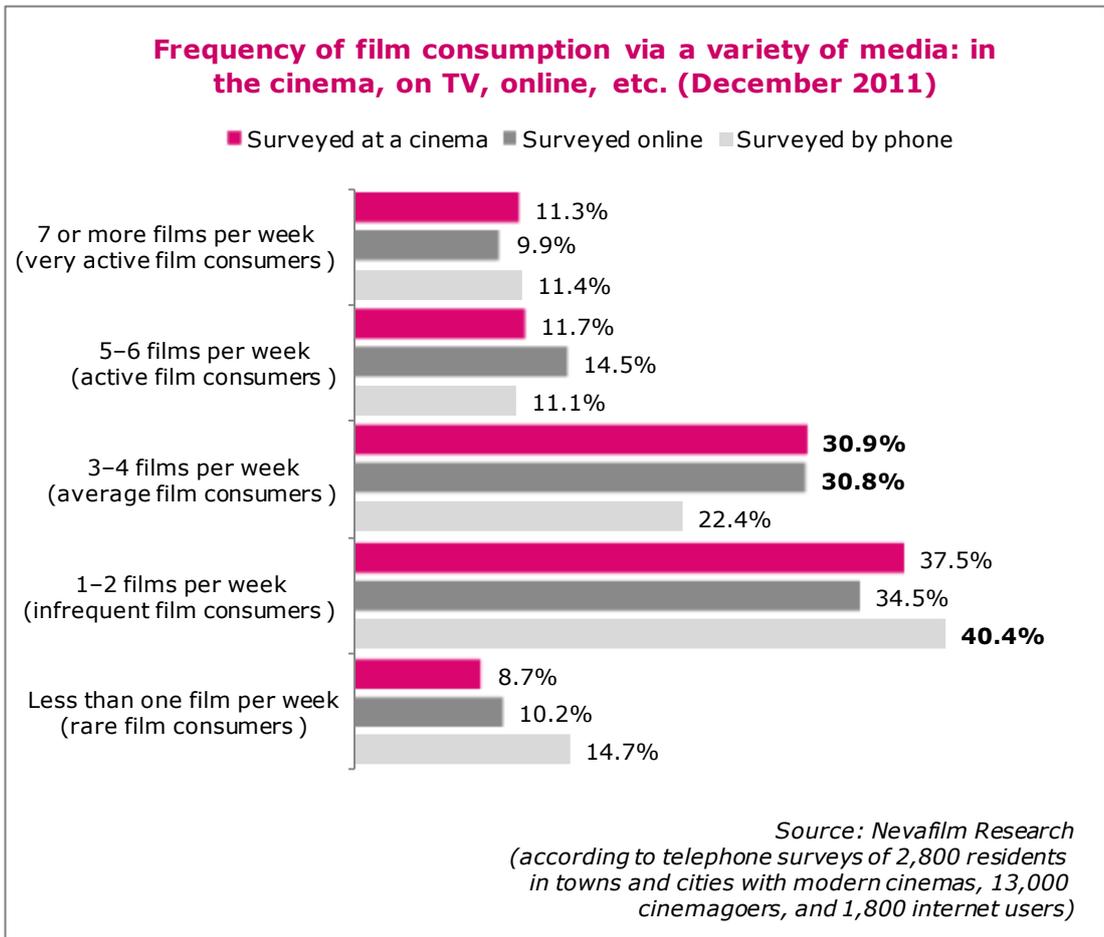
Cinemagoers mostly consist of people who visit the cinema once or twice per month (41%), while the share of active cinemagoers (those who attend cinema screenings almost every week) is less than 29%. Another 30% of the cinemagoers is made up of infrequent or casual attendees who prefer to see films on the big screen no more than twice per quarter.



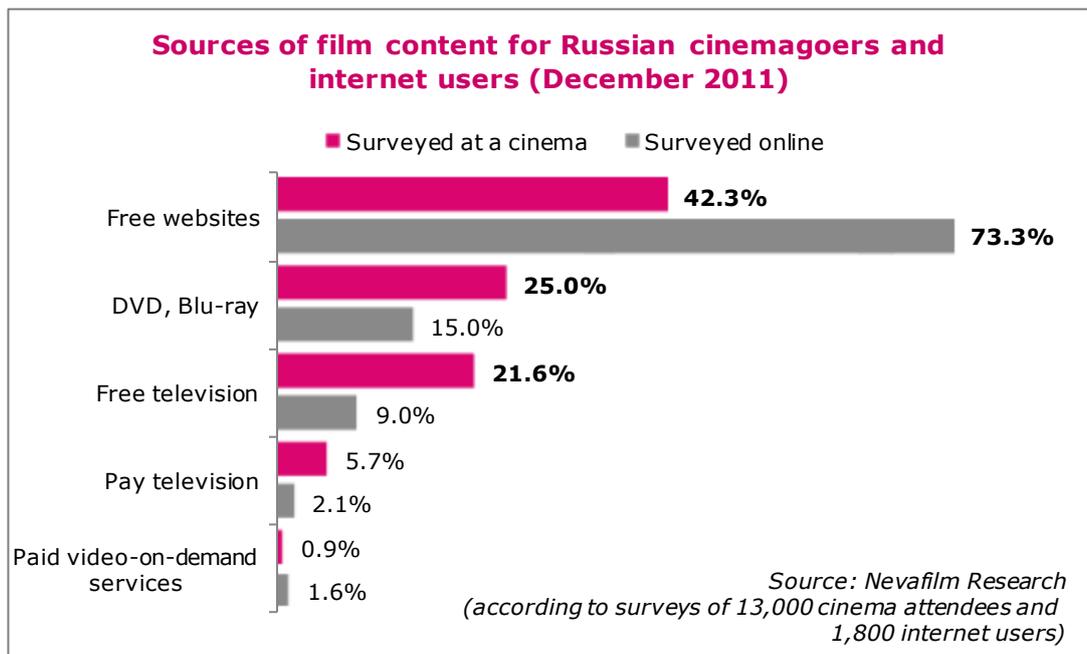
Young people aged 18–29 make up the majority of the cinemagoers, a 61.7% share. Internet users interested in cinema fall in the exact same age group.



People surveyed in cinemas around the country and on the Russian Internet turned out to be more active film consumers than those who had not been to the cinema in a long time: of those polled in cinemas the percentage of film consumers watching three or more films per week came to 53.9%, while polling over the phone put the figure at 44.9%, and via the Internet – 55.2%. In other words, the online film consumers were no less active as cinemagoers than those surveyed in the cinemas themselves.



At the same time, it turns out that cinemagoers and online cinema-lovers do have different preferences in their film consumption habits. While cinemagoers' preferences are split between broadcasts via free television channels and disc-based media, those surveyed on the internet almost exclusively use free video websites which provide video content that may or may not be licensed. Of those online video-on-demand services that are legal, the most popular were the free sites video.ru, ivi.ru, and zoomby.ru. The most popular pay sites were iTunes, omlet.ru, and now.ru.



A lack of time was the main factor cited keeping Russians from attending the cinema more often than they do. The second most common complaint was regarding exorbitant

ticket prices. The third most common reason cited for not attending the cinema more often was insufficient cinema advertising. Meanwhile, most Internet responders cited high ticket prices and selection as their primary reasons for not attending the cinema more often.

Because the Internet is quickly becoming the cinema's main competitor, researchers recommend addressing this group for suggestions on how to bring Russians back to cinemas. This will require a great deal of effort be invested in opening up lines of communication with Internet cinephiles. Retaining that audience will also be no easy task, as they have been spoiled by the expansive selection of films available online and the comfort of home viewing. However, the unique nature of this proposal enables cooperation with an engaged segment of the population with a disposable income, which means that efforts in this direction might reap handsome rewards.

This research was conducted from October 2011 to February 2012. Empirical data was collected from November 7 to December 25, 2011, via surveys in cinemas, over the phone, and online. Telephone and cinema-based surveys were conducted using a representative sample of towns and cities with cinemas, and Federal district and population size were also taken into account. In all, 18,105 surveys were collected from 335 towns and cities.

The goal of the research was to learn the particularities of Russian audiences' habits of cinema attendance and to ascertain possibilities for bringing new viewers to cinemas. Other goals were to evaluate the level of awareness of legal resources for online film viewing and to compare their popularity with illegal resources, as well as to determine Russian attitudes towards domestically-produced films as at late 2011.

More information about the report based on this research, 'Portrait of a Viewer: Where and How Films are Watched in Russia' (100 pages, 25 charts, 83 illustrations) can be found at <http://research.nevafilm.ru/research/reports/cinemoers/2011/> (Russian only)

Nevafilm Research is the largest research agency which concentrates on the modern Russian cinema market and has undertaken independent monitoring of the Russian film exhibition market since 2003. It is an authoritative source of information and a regular partner of international research organizations, providing data on the development of the Russian film market to the European Audiovisual Observatory, IHS Screen Digest, Dodona Research, Media Salles, and more.

Nevafilm was founded in 1992 and has a wide range of experience in the film industry. The group has modern sound and dubbing studios in Moscow and St. Petersburg (**Nevafilm Studios**); is a leader in the Russian market in cinema design and the supply of digital equipment for film exhibition (**Nevafilm Cinemas**); established Russia's first digital cinema laboratory for digital mastering and comprehensive DCP creation (**Nevafilm Digital**); and distributes alternative content for digital screens (**Nevafilm Emotion**).

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