MoviePass pulls support from popular AMC theaters

MoviePass and the AMC Theatres chain have never exactly enjoyed a rosy relationship, and the latest step in their conflict came today, as MoviePass pulled support from some of the chain's most high-profile locations. *Deadline* reports that the service is no longer supporting ticket purchases at theaters like the AMC Empire 25 in New York, Universal City Walk near Los Angeles, and the AMC Loews Boston Common.

"As of today, you'll find a small handful of theaters are no longer available on our platform," MoviePass CEO Mitch Lowe said in a statement. "Our number one goal as a company is to provide an accessible price-point for people to enjoy films the way they're meant to be seen: on the big screen. Many exhibitors have been receptive to this mission, and we're excited to keep working with theater chains that are closely aligned with our customer service values." The statement goes on to clarify that the list of participating theaters is subject to change, and MoviePass customers should consult the mobile app for updates to that list.

AMC and MoviePass have been publicly at odds since the subscription service drastically cut its monthly subscription price in August 2017. (The company previously relied on a tiered model that scaled monthly pricing from $15 to $50 based on region, much like movie ticket prices can vary from one locale to another.) AMC responded by threatening to drop out of MoviePass' deal, and potentially even file a lawsuit. The chain's logic has been straightforward, however: mass adoption of a subscription service like MoviePass could effectively change the perceived value of movies, resulting in a situation where theatrical exhibitors wouldn't be able to charge enough to keep their own businesses afloat.

“AMC also believes that promising essentially unlimited first-run movie content at a price below $10 per month over time will not provide sufficient revenue to operate quality theaters, nor will it produce enough income to provide filmmakers with sufficient incentive to make great new movies,” the company said in August.

> *Some of our guests say MoviePass may be blocking the use of their service at a handful of AMC locations. AMC has not restricted MoviePass acceptance at our theatres, nor have we heard from MoviePass about this. MoviePass customers should contact MoviePass for clarification.*
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> *— AMC Guest Services (@AMCHelps) January 25, 2018*

What’s interesting about today’s development is that MoviePass reportedly didn’t notify AMC or its own customers ahead of time. In fact, AMC’s own support account on Twitter wrote earlier today that MoviePass still has not contacted the chain about the development. Given the public rancor between the two companies, it seems likely that MoviePass made the change quietly as a bit of hardball negotiation, hoping customers would become angry with the theater chain and blame it for the problem. On social media, that appears to be exactly what’s happened. But in reality, the tactic could easily backfire on MoviePass, as customers realize they can’t trust the company to consistently provide access to their favorite theaters. Presenting MoviePass access as arbitrary and subject to political maneuvering is hardly a consumer-friendly tactic.

MoviePass customers may suddenly find that it no longer supports their favorite theater

It’s been clear for some time that MoviePass isn’t simply trying to find ways to bring more people into existing movie theaters. The subscription-price reduction came after MoviePass sold a majority stake to the data firm Helios and Matheson Analytics, Inc., and the change has allowed the

company to jump from around 20,000 subscribers to 1.5 million subscribers as of January 2018. MoviePass' ability to track what movies its customers are watching, and where they're buying tickets, is valuable data for marketers, advertisers, and distributors. And Lowe has said that selling that data is a major way that MoviePass is going to make money. Not having access to AMC — the largest theater chain in both the United States and the entire world — could make achieving that goal more difficult, since it would be clear MoviePass' data would be incomplete. There are good reasons AMC was the first chain MoviePass signed a deal with, and that importance is likely why MoviePass is being so aggressive around AMC now.

MoviePass is already trying to add revenue streams past its data-driven approach. The company has been heavily promoting movies like *I, Tonya* and *Forever My Girl* to its users, clearly as part of a paid promotional package. And before 2018's Sundance Film Festival, the company announced it had spun up a division that will actually acquire movies, then use a traditional distribution company to get them into theaters. During Sundance, it partnered with distributor The Orchard to purchase North American distribution rights for Bart Layton's *American Animals* for $3 million, giving the company the opportunity to create a closed loop with a captive audience: it can own part of a movie that it then promotes to its own customers, driving up the ticket sales that its own subscription service helps generate.

And like most entertainment companies, MoviePass is already looking beyond theatrical exhibition. In November, CEO Mitch Lowe said on CNBC that the company would eventually launch its own streaming service as well. But as MoviePass tries to hardball AMC into going along with its demands, and as it lures in millions of customers by offering increasingly lower ticket prices, it's important to remember that when something seems too good to be true, it often is.

MoviePass isn't trying to help movie theaters; it's trying to

use them to capture data it can sell. It isn’t trying to help people see more movies out of some altruistic bent; it’s hoping to spike attendance in the short term so it can expand the pool of people whose data it’s collecting. And when it doesn’t get the answers it likes from a chain like AMC, it’s willing to cut those theaters out completely, regardless of the harm that does to its customers or reputation. While a $9.95 subscription deal may sound great, it’s really only a good deal if it works consistently, at the theaters where customers want to use it. And as MoviePass’ CEO said, those theaters are subject to change.

https://www.theverge.com/2018/1/25/16934344/moviepass-amc-theaters-support-tickets