





>> As a provider of premium in-theater dining experiences at affordable prices, Movie Tavern understandably has a wide and growing appeal across multiple demographics and regions. Its next location will be the chain's 23rd and will push the circuit across the 200-screen threshold. The chain is expected to finish the year with a total of 214 screens across a 10-state footprint.

"We're going to be opportunistic about new locations," says Movie Tavern parent company CEO John Caparella, who was appointed by VSS-Southern Theatres, LLC, earlier this year to succeed founder George Solomon. "We are not likely to be in a city but are keen on suburban locations that are underserved in the diningcinema market."

Caparella's strong and diverse hospitality-sector background made him an ideal candidate for VSS (Veronis Suhler Stevenson). Southern's private-equity-firm owner hired an executive recruiter to search for the company's new chief executive, and Caparella was identified as someone uniquely qualified to join the organization's C-suite.

"As a trained hotelier [Gaylord Entertainment, ITT Sheraton, and Las Vegas Sands] I have a very hospitality-minded background, with guest services being paramount in that industry. I also have food and beverage, ticketing, and events experience as well. Madison Square Garden [where he served as EVP of operations prior to joining the Southern team], of course, put all of the above on steroids." (continued on next page)





MOVIE TAVERN CEO JOHN CAPARELLA

DEPLOYING RESOURCES

As CEO, Caparella is in charge of directing how Movie Tavern applies its corporate resources and assets, including deploying and scaling financial and human capital. He is also focused on enhancing corporate culture, providing strategic vision, and expanding their aforementioned theatrical footprint. Caparella is feeling pretty good about the company's current operating model and cash-flow levels.

"We can get deals done on our own and tend to look at leases or REIT-type financing," he says. "If you look where we are geographically, we're not limited to any one particular market. We don't purchase the land, which allows us to get into more markets sooner. The reality is that building our own is very predictable. We know what it's going to cost, what it will look like, and how long it will take. We also know what our best kitchen design is.

"With acquisitions we might find, as you often do, that the kitchen layout might not be right or you have to repurpose the theater in some way. Frankly, I'm not as keen on conversions. You just can't possibly do all the diligence required when you purchase someone else's building," he acknowledges.

TEAM DEPTH

"Right now, I'm focusing the most on scale and growth, because I already have very deep technical and operational knowledge of the movie theater business within our organization," he says.

In addition to having the luxury of being able to regularly rely upon Solomon (who remains with the organization as chairman) and his more than four decades of industry expertise, Caparella can also periodically tap into Southern president/COO Ron Krueger's knowledge and his array of exhibition-related experience.

A seasoned, second-generation movie theater executive, Krueger was president of St. Louis-based Wehrenberg Theatres (a recent, regional roll-up acquisition by Marcus Theatres) between 1999 and 2008. He has also served in a national leadership role with both the NATO and NAC trade groups throughout his long career.

A few months into his brief tenure at the Movie Tavern helm, Caparella says, "I think this is the whole package, and we have put everything together as a very service-oriented organization. If you check off every box you will find that we've really put it all together quite well."

CUTTING-EDGE TECH—IN AND OUT OF THE KITCHEN

The full-service in-theater dining experience features push-button technology, comfort seating—including recliners at many locations—and the convenient table designs. Processes and procedures are similar to what you would see in an established restaurant's kitchen operations.

An order is placed and it electronically proceeds to the specific line, such as the pizza or grill station. Although the customer doesn't see this, it ensures speed, accuracy, and efficiency.



What the customer also doesn't see is that chairside call buttons tie in to a master electronic floor plan that servers and management monitor. It's tied in with an escalation response system that changes colors.

Movie Tavern's in-theater technology also includes state-of-the-art sound, screens, and sight lines on a par with its leading peers. As with many other exhibitors, they are taking a close look at new industry innovations such as laser projection. According to management, there are three or four possible platforms, and they will continue to evaluate their options to make sure they stay on top of this important future decision.

Closely studying various analytics and data is very important to Movie Tavern's senior team. "We have four people and this is their primary focus, looking specifically at operating metrics. I don't think there are many decisions we make without some analytics applied to it. Whether on the theater or operating base . . . we study what the return would be and what is the typical ramp-up within the industry," says Caparella.

REFRESHING THE MENU

Recent company-wide changes to their standard menu have yielded positive results thus far. Among the modifications was a tweak resulting in a more artisanal pizza offering. Diners can choose from among 10 different toppings to create their own customized meal.

Some other culinary successes include a South of the Border Burger and a grilled cheese and

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tomato soup comfort food combo—with the soup served in a coffee mug. A key lesson for theaters serving hot liquids in a darkened environment is that you must make it easy for guests to enjoy without risking spillage. For dessert, homemade churros have done well.

Adult beverages are also understandably popular with many audiences. A Caramel Salted-Pretzel Grown-Up Shake (spiked with Stoli Salted Karamel flavored vodka) has really caught on with patrons, and mojitos are invariably top sellers. According to management, patrons have been requesting more craft beer and cocktail varieties, and the bar team is accommodating them.

MEMBERSHIP LOYALTY AND ALTERNATIVE PROGRAMMING

According to VP of marketing, Danny Digiacomo, Movie Tavern membership is growing at a 20 percent annual clip. "We view this program as the first step of a full-blown loyalty program and are looking at some different ways to approach this as a way to better engage with our customer base."

According to Digiacomo, the circuit also is curating its own popular Retro Cinema series, which brings a wide array of classic movies to the big screen. Some locations are also teaming up with Fathom Events, an industry leader in bringing alternative entertainment to cinemas around the United States, including a live and archived Metropolitan Opera series, which offers audiences a front-row view as well as exclusive backstage access and interviews.