

Cinema in Hampton Roads



CINEMA IN HAMPTON ROADS: HISTORY AND PROSPECTS

A good film is when the price of the dinner, the theatre admission and the babysitter were worth it.
– Alfred Hitchcock, 1899-1980

Film lovers in Hampton Roads historically have demanded choice. This reflects America's long-standing love affair with the movies – one of the few constants in our culture over the past century. Ever since motion picture technology debuted at the end of the 19th century, its trajectory has been attached as much to the business of filmmaking as it has been to the development of its storytelling artistry.

Ambitious immigrant entrepreneurs moved the early studios from the East Coast to the West, avoiding the fractious battles over patents while seeking favorable year-round conditions for their emergent stars and crews. Cheap land and abundant sunshine brought them to Los Angeles by the 1910s, and studio heads with their eyes ever on the bottom line controlled their fiefdoms for decades, occasionally consuming each other in a tightening system. Metro-Goldwyn-Mayer, consolidated in 1925, was associated with major productions and glamorous actors ("more stars than there are in heaven"). Warner Brothers, first to establish the viability of "talkies," focused on gritty social dramas and crime stories that enjoyed a boom during the Depression. Paramount produced sophisticated films with a European flavor, employing many of the émigrés fleeing Nazi oppression.

Earlier, in 1919, United Artists was formed by a quartet of powerful figures on both sides of the camera – Chaplin, Fairbanks, Pickford and Griffith – who had become frustrated by the strictures of studio contracts. RKO emerged as a "mini-major," eventually creating a home for "independent" filmmaker Orson Welles in the '40s. Perhaps more importantly, this studio followed the interests in the female anatomy of its eventual owner, Howard Hughes, and would challenge the restrictive censorship in effect since the early '30s. The production of films like "The Outlaw" led postwar efforts to abolish the production code, but these soon took a backseat to the search for solutions to television's growing threat.

By its nature, the film business is driven as much by evolving technology as by narrative development. At the turn of the 20th century, stories of all types were available for production, but the mechanics were more tentative, slower to emerge. Content was well in advance of technology. Once multi-reel narratives replaced early documentary one-reelers, story development propelled successive innovations in delivery: sound at the end of the 1920s; the three-strip Technicolor process in the mid-1930s; increased screen size and the introduction of 3-D projection in the 1950s; and, most recently, computer-generated imagery (CGI) that has changed the industry in almost every sense, from acting to exhibition.

While change has been constant in the film industry, there are several periods when the studios were required to alter their practices, lest they lose their leading position in entertainment. One such period came during the Great Depression, when Americans flocked to movie theaters in search of relief from economic woes. Many of these theaters, particularly those connected to the major studios, were so elaborate that the term "picture palaces" was coined to describe their gilded foyers and plush interiors. Hours could be spent in the silvery light of the screens, which were always singular or, in industry terminology, "four-wall," even in the most elaborate houses. Neighborhood theaters – the "nabes" – proliferated in every city and town, offering "dish nights," talent contests and other events, often staged with studio aid to draw customers and extract the nickels and dimes from their pockets.

The Development of the Movies in Hampton Roads

During the 1930s, the city of Norfolk was the theater capital of the region, serving its population of about 130,000 with 15 four-wall theaters. Downtown, on Granby Street, Loew's State, with 3,200 seats, captured many big releases for the area, while the nearby Wells offered 1,300 seats. The Strand and the Granby each had 1,000 seats and the Norva was one-half larger at 1,500.

In these days of segregation, African Americans patronized theaters around Church Street, notably the Booker T, which offered 1,200 seats. Typically, neighborhood theaters were situated closer to trolley-car lines, like those surrounding the 35th Street corridor's Newport (700 seats) and Byrd (500 seats). These were customary sizes for smaller theaters, which often screened second-run features.

Portsmouth boasted five smaller theaters, most of which were clustered on High Street. Together, they provided a total of 2,906 seats for their patrons. Far smaller than its Norfolk counterpart, Portsmouth's 450-seat Booker T movie theater focused on the African American community, while the Colony and the Gates, each with more than 700 seats, provided even more ample room for their moviegoers. The communities of Virginia Beach and Suffolk each had two theaters, totaling 1,719 and 1,600 seats, respectively. In western Hampton Roads, the town of Franklin, whose population stood at only 2,930, had a single theater, the Franklin.

On the Peninsula, Hampton enjoyed two movie theaters – the Lyric (300 seats) and the Langley (850 seats). Newport News, a far larger city with 34,417 inhabitants, relied upon five theaters, two with 900-seat houses: the Paramount and the James. The Warwick was almost as large with 800 seats, followed by the Palace (776 seats) and the Dixie (550 seats).

Williamsburg, just then beginning the reconstruction of its Colonial center, was still a village-sized community of 3,778 residents. The Williamsburg Theater had recently been built on Duke Street in the midst of the redevelopment area, with 800 seats. Two other houses, the Imperial and the New Theater, could seat 1,250 between them.

The Challenge of Television

Many movie theaters had been built and programmed by the Hollywood studios. However, that lucrative revenue stream for the studios disappeared after 1948, when the industry was forced to divest its theater holdings after federal antitrust proceedings. Even so, a much bigger threat – television – was lurking over the horizon.

Television's post-World War II challenge threatened to keep entire families glued to home screens by offering a variety of programming that no movie studio could match. In 1955, an estimated 45.63 million American homes already had television sets and 20,000 to 50,000 of those were in color. Almost 84 percent of households had a television in living rooms or dens.

Three major television networks produced their own dramatic series, comedy revues inspired by vaudeville and hosted by the likes of Milton Berle and Ed Sullivan, and comedy series such as "The Honeymooners" and "I Love Lucy." Nightly television news programs hastened the demise of movie theater newsreels, and their providers – Fox Movietone, Hearst Metrotone, Pathé and the news sections incorporated into Universal and Paramount studios – bit the dust by the mid-1950s. Cartoons were no longer produced for the big screen, but tailored and simplified for the kiddies on Saturday mornings, notably by Hanna-Barbera Inc., founded in 1957.

The unavoidable question was: What could the studios do that would lure their audiences back to the public, big-screen experience? The truth was that regional movie theaters could not do much on their own to stem this adverse tide. However, several responded by introducing larger screens. They also imitated many other movie theaters nationally by expanding the "academy ratio" (essentially a 4:3 format used from the beginning in all American film

production) to wider sizes. Older readers may remember Cinemascope, Todd-AO 2.1 and Vistavision, trademarked formats that eventually would be joined in specialty houses by Cinerama, the forerunner of today's 70-foot IMAX system.

These big-screen innovations provided 1950s and '60s movie audiences in Hampton Roads with what occasionally was almost a sensually overwhelming experience. Patrons were swept majestically across Arabian deserts in "Lawrence of Arabia" (1962) and Russian steppes in "Dr. Zhivago" (1965), both of which delivered stories that punched every emotional button. Regional theaters capitalized on the interest in such extravaganzas by increasing their ticket prices for these showings.

In the 1956 edition of the annual Yearbook of the Motion Picture, Robert W. Coyne, co-chairman of the Governing Committee of the Council of Motion Picture Organizations, addressed the coming years with optimism, noting that audiences would likely expand as war and postwar babies reached maturity. "Our problem," he said, "is to create the movie-going habit in this new generation and to reawaken the interest of those of the present generation who have been diverted ... to other forms of entertainment." Perhaps exaggerating the financial distress the hated admission tax apparently was causing theater owners, Coyne failed to identify emerging trends in film content, such as the rise of genres directed toward a younger market and the influence of foreign titles beginning to be shown in a few first-run houses.

It was – and still is – difficult to adjust the intimate close-ups expected in screen love affairs to the wide-screen format, but it was done, if usually not well. And if that vast landscape of larger-than-life screen icons paired off in prolonged embraces didn't satisfy audiences, there was now a sure draw for adolescents – 3-D. In the early '50s, for the first time in cinema history, viewers were required to don a pair of paper glasses, and watch as three-dimensional swords and sorcerers worked magic seemingly two inches in front of their eyes.

Diversions like these could be expensive in both production and exhibition, but studios discovered another tactic that was both inexpensive and seductive: their infiltration into the new and voracious television medium. Even though it had not

yet advanced to round-the-clock broadcasting, television had difficulty filling the pre-midnight hours with its own product, so many studios were called upon to lease their older film catalogs to television distributors, thereby creating a fresh revenue stream along with a new audience for classic films.

These trends, however, also signaled the breakup of the studio system. When Howard Hughes sold RKO to General Tire and Rubber in 1955 for \$25 million, he sold that studio to a corporation with no prior experience in film production. This was the first in a dizzying series of sales and restructurings that stretch to the present day. A chill wind was blowing through Hollywood's top offices. If they could lose their hold on theaters and suffer the closing of an entire studio, then what would be the future of production and exhibition? Theater owners in our region, buffeted on all sides by change, no longer were securely under the studios' financial protection. Many were loathe to embrace the more expensive large-screen technologies in their single-screen houses because most of the movies they were showing hardly were in the class of "Lawrence of Arabia."

The next obvious step for struggling Hollywood studios was television production, a direction heralded by Desilu Studios, which heavily invested in the "I Love Lucy" series. The Disney studio achieved success with children's programming and soon extended this innovation to large-screen films and spin-offs such as "The Mickey Mouse Club" and the Fess Parker "Davy Crockett" television/film packages. Who among the more mature cannot remember Fess Parker (who only recently died) and his raccoon tail hat, imitations of which appeared on the heads of hundreds of youngsters in Hampton Roads in the 1950s?

In the 1956 Yearbook of Motion Pictures, many of the full-page advertisements for actors noted their appearances on television and in film. New York-based actors like James Dean commonly came to Hollywood after apprenticing on stage and in live television broadcasts. In the early years of the motion picture, stage actors had disdained film, coming to it only after its economic success had made them stars. Now actors would increasingly appear in all three mediums.

The quirky 3-D process, with its requirements for expensive projection equipment, failed to attract regional movie audiences in sufficient numbers to quell television's incursions. Over the next three decades, innovation was confined to the content of films, influenced by an efflorescence of foreign films, whose titles crept

onto American screens, often bringing with them a sophisticated sensibility, a combination of gritty realism and philosophical ambiguity – not to mention a mature sexuality – that fostered an independent film culture in the United States that was beyond studio control. State censorship boards, active since the 1930s, began to disappear. Indeed, Virginia's did not survive the '50s.

The listing of movie theaters in our region, published in the 1956 Yearbook, remained substantial, though population shifts reflecting the growth of Virginia Beach and other suburban areas were apparent. There were 21 movie houses in Norfolk, still the region's largest population center with 313,513 residents. The 685-seat Riverview on Granby Street was designated an "art theater," showing foreign titles to a select audience. A local family managed the Rosna, the Rosele and the Memrose, later to be joined in the 1960s by the Colley, subsequently rechristened as the Naro. Portsmouth, whose population in 1955 numbered 80,000, was movie theater-rich and its Commodore, built at the end of the war years, offered 1,008 seats. Virginia Beach, still in the early stages of growth,



had the beachfront 850-seat Bayne and the Roland, another small house.

Drive-in theaters, exhibitors' newest outdoor venues, which lured families and teens, had become a national phenomenon in the post-war years, and the area boasted eight: Norfolk had three, Portsmouth and Suffolk two each, and the Beach just one. However, the Virginia Beach theater survived into the '70s, closing after the advent of video-rental stores.

Hampton still had the Lyric and the Langley in 1956, plus an additional three movie theaters added since the end of World War II. These new entrants included the Rex, a 412-seat house on Queen Street near the Lyric, the Center Theater with 500 seats and the Wythe, a venue of approximately the same size. Newport News had grown considerably in the wake of the war, and now boasted 11 theaters for its 42,358 residents, up from five only 20 years earlier. Those five – the Warwick, the Dixie, the Paramount, the James and the Palace – were still in operation in 1956, but now had been joined by the Jefferson, the Wythe and the Moton, with seating for just over 500 patrons in each. Two others, the Pix and the Stuart, existed, but no seating charts exist for them.

Population growth on the Peninsula certainly helped this mini-boom in movie theaters after World War II, but this was not uniform across cities. Williamsburg's four theaters decreased to a single house, the Williamsburg, on Duke of Gloucester Street. By contrast, Franklin, now with a population of 4,670, enjoyed two houses – the Lyons State, with 672 seats, and the older Franklin, once its sole theater.

As the '60s began, studios maintained their reliance on stars, melodramas and the search for blockbusters, yet none of which could assure profits. Huge, budget-busting films like "Cleopatra" (1963) threatened to wreak financial havoc on studios already downsizing. The studios began to sell off assets such as back lots and warehouses full of props and costumes. Stars began to break contracts, negotiating their own careers outside major studios, new indications of a fading system beset by corporate takeovers.

Sony's consumer-friendly VCR (video cassette recorder) represented a major breakthrough in technology, though it was regarded with great suspicion by the

movie studios and remained expensive for home consumption. VCRs appeared commercially in 1975 when Sony rolled out its Betamax standard for VCRs, but the next year JVC introduced its VHS system, and it eventually won the market. Betamax offered superior picture quality, but a mere hour's worth of recording capacity. The VHS tape's extended play was successful in home marketing, and by the 1980s, as prices for the systems fell, Betamax disappeared. This established a typical pattern: many new technologies would initially offer several competing formats, but because of pervasive economies of scale and price competition, only one format would survive.

Because of VCRs, new films, after a reasonable wait – initially up to 12 months from their theatrical openings – could be re-released on video, creating the possibility of additional profit. However, movie studios had to be dragged to that recognition because they believed that VCRs would drive them out of business. The studios attempted to suppress the sale of VCRs, alleging copyright violations. The Motion Picture Association of America's Jack Valenti deplored the "savagery and the ravages of this machine" (the VCR) and compared it to the Boston Strangler! However, the U.S. Supreme Court did not accept this reading of the evidence and ruled in *Sony Corp. of America v. Universal City Studios Inc.* (1984) that VCRs were permissible in private use.

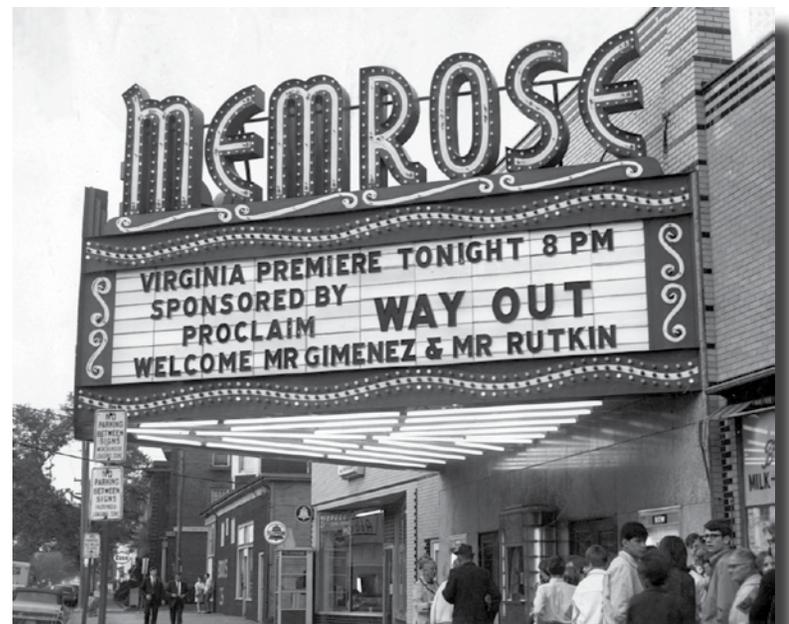
The Sony decision proved a lifesaving loss for the studios, which ultimately would earn more revenue from VCRs and related sales than they would from ticket sales at movie theaters. It was not such good news, however, for regional theaters, which could not claim any of this revenue stream. Hence, as VHS movie tapes proliferated, local movie theaters suffered and this accelerated an already noticeable trend of closures. Boarded-up movie theaters became commonplace in Hampton Roads in the 1980s and '90s.

In the late 1970s, responding to a new and ever-expanding wealth of titles, video-rental stores began to open nationwide, initially providing both tapes and playback systems for rent to a growing pool of customers. While many of these were established by independent entrepreneurs with single locations, one individual (Wayne Huizenga, who first made his fortune hauling garbage and selling automobiles) recognized a greater potential in the young business and, in

1987, founded Blockbuster. This movie-rental firm eventually expanded to 3,700 outlets in 11 countries, including more than one dozen in Hampton Roads. Less than a decade later, Huizenga sold Blockbuster to media conglomerate Viacom, which owns CBS and MTV. Viacom used the income from Blockbuster to acquire Paramount Pictures, establishing a triple presence for itself in entertainment production.

Nothing is forever, however; today Blockbuster is losing money and its stock has fallen to less than 5 percent of its peak value. New entrants such as Netflix and the ability of individuals to download movies via the Internet have taken most of the air out of Blockbuster's business model.

Amidst all this, however, movie theaters still had audiences, though their demographics had trended downward in age for most Hollywood productions. They often featured "tent-pole" films that could establish a series of lucrative sequels. Pitched to the teenagers who continued to go out to movies, these ranged from the "Star Wars," "Star Trek" (evolved from the wildly popular television series) and "Indiana Jones" cycles to exploitative moneymakers like the "American Pie" franchise.



During the last two decades of the 20th century and the first decade of the 21st, independent and foreign films relied upon the major metropolitan areas and film festivals like those in Telluride, Col., Tribeca, N.Y., and Toronto, as well as the important Sundance festival organized by actor-director Robert Redford in Park City, Utah, to excite film lovers. Boutique films played briefly, if at all, in the smaller houses of megaplex theaters, which had sprung up in suburban shopping malls across the country, or in the rare independent theater like Norfolk's Naro or Portsmouth's Commodore.

The National Association of Theater Owners reports that there were 36,448 indoor theater screens and 683 drive-in screens in the country in 1989. A decade later, those numbers were 38,605 and 628, respectively. The increasing number of screens supported larger ticket sales. Theaters in the United States and Canada sold 1.26 billion tickets in 1989 and 1.44 billion in 1999. However, by 2009, ticket sales had tailed off to only 1.41 billion despite considerable population growth.

The recent advent of digital projection, which has established a new standard in the industry, has forced theaters large and small to install entirely new systems at significant expense. This may be as important a transition as the introduction of sound in the early 1930s. Digital projection is computer-based and offers state-of-the-art sound and picture quality, rendering obsolete celluloid film stock, which is invariably scratched each time it is projected. The digital format requires refitting each projection room with new equipment, which most movie houses can afford only if the studios provide upfront financial aid. Further, though maintenance of celluloid film projection costs exhibitors \$1,000 to \$2,000 a year per auditorium, digital systems are still far more expensive to mount and maintain, with annual costs in the \$5,000 to \$10,000 range.

Digital movies have been embraced by the dominant theater chains, including some in Hampton Roads, though this has happened incrementally. In 2003, Regal Entertainment established Regal CineMedia, introducing digital "pre-shows," industry terminology for the local advertising slides that utilized a now archaic projection system. Within four years, Regal First-Look became the standard format for this lucrative revenue source, one that favored regional businesses in its lineup, playing before trailers and corporate advertising that hold patrons in their seats until showtime. Since

2007, when Regal opened its first all-digital theater in Henderson, Nev., this new and certainly improved process has become the norm. It is likely that theatrical exhibitors, most of whom are corporate, will keep abreast of the technology. Most of them already have accommodated the systems in most of their houses, and have added a specialized house for 3-D projection, which has re-entered the entertainment arena with renewed vigor.

Today, Hampton Roads has a substantial number of movie screens, most of them in the multiplexes operated by the national chains Regal Entertainment Group and Cinemark.

Regal, established in 1989, now has locations in 39 states. With 6,775 screens and 548 locations, it has aggressively acquired smaller chains such as United Artists Theaters, Cobb RC Theaters and the National Group. UA went bankrupt in 2000 at the end of a building binge for multiplexes that heralded the consolidation of the theatrical system with giants like Regal, which has been successful in maintaining its market value in the first decade of the new century. In 2008, Regal reported revenues of \$2.66 billion, with a net income of \$363 million.

As might be expected, Regal's local footprint is by far the area's largest, with 18 screens at the region's newest mall, Norfolk's MacArthur Center, as well as 13 at Greenbrier Mall in Chesapeake and 16 at Harbour View Grande Stadium in rapidly growing Suffolk.

On the Peninsula, Regal operates the Regal Newtown Cinemas 12 and Newport News' Regal Kiln Creek Cinema 20, each with a dedicated 3-D screen. The AMC Hampton 24 at Town Center has two 3-D screens, one capable of screening in the IMAX format.

Cinemark operates theaters in Military Circle Mall in Norfolk and Chesapeake Square Mall in Portsmouth/Chesapeake, each with 10 screens. Naval Station Norfolk has its own theater complex, the 10-screen Main Gate, but none of these screens has been upgraded to digital. In addition, Main Gate has not fitted any of its screens for 3-D. All of the other megaplexes not only have gone digital, but also have devoted at least one screen to the renascent 3-D process.

In the face of these developments, it cannot be surprising that the older movie theaters mentioned earlier have all but disappeared. However, **three independent theaters (Norfolk’s Naro Expanded Cinema, the Commodore in Portsmouth and the Kimball in Williamsburg) plus a group of watch-and-dine Cinema Cafés do offer alternatives to the movie theater megaplexes.**

Between the extremes denoted by the independent movie houses and the megaplexes, a few alternatives exist. For example, there is a three-screen theater in Franklin – the Armory Drive Cinema – that is praised for its reasonable, \$5.50 ticket price (with seniors and children paying \$3.75).

On the subject of pricing, the cost of installing new movie theater systems, acquiring the films that are rented to theaters week by week, and other expenses have caused prices at most megaplexes to rise substantially. Regal ticket prices in 2010 ordinarily find adults paying about \$10 for evening screenings and \$7.50 for matinees. An additional \$3.50 may be required for 3-D movies (though IMAX, shown only in Hampton’s Air and Space Museum, runs \$5 above the regular price). Today, seniors, members of the military and students ordinarily pay \$7.50, and children’s tickets are \$3.50. This is a far cry from matinee movies that cost only a dime or a quarter during the Great Depression.

The Naro, Kimball and Commodore: Oddballs or Models for the Future?

In 1977, Thom Vourlas and Tench Phillips teamed up to open the Naro Expanded Cinema on Colley Avenue in Norfolk’s Ghent section, debuting with an Ingmar Bergman festival. This was two years before the first multiplex opened at Military Circle Mall, and there was as yet no cable television in the area. Video-rental stores were still in their infancy, television channels devoted entirely to classic films had yet to appear, and studios and distributors were more inclined to rent big titles to independents like Arf Inc., the pair’s corporate name.

Within the decade, the Naro had hit a comfortable stride, often screening the top foreign, independent and studio titles to more than 400 patrons per night. On weekends after the last feature, they kept the lights on past midnight for the perennially popular “Rocky Horror Picture Show,” which attracted crowds dressed as their favorite characters from the movie. Their bottom line was enhanced by sophisticated calendars, ably designed by Phillips, with movie synopses written by local film critics and packed with advertising from area restaurants, retail businesses and hot spots. The Naro quickly became a magnet for development on Colley Avenue, helping to make Ghent a destination for the area’s more hip citizens.

The Naro’s pricing for single tickets remains lower than that of the national chains, and the purchase of a 10-ticket book reduces the single admission from \$9 to \$6.30. With a distinctive concession stand offering popcorn, candy and freshly brewed coffee right inside its small foyer, the theater’s average total cost for two for a movie is less than \$19. This compares quite favorably to the Regal MacArthur Center, where an evening for two would likely top \$33. Vourlas admits that in every theater, it’s the concession stand that makes the money, not the ticket sales, since the distributors have a graduated scale for each week a film is booked. “In the ‘old days,’” says Phillips, “with a first-run American film, given eight weeks as a standard booking, we would have to pay 70 percent of our gross the first week.” Now, according to Vourlas, “We’re doing an aggregate form. No matter how long we play the film (and it’s seldom for eight weeks), we pay 50 percent of our gross.” This kind of scheduling is now the norm for the Naro, which also has begun multiple and overlapping shows.

There is an additional wrinkle, however, that constrains what movies the Naro can show. In addition to distributors’ demands for lengthy bookings for first-run American films, they also have a “two-and-a-half mile” rule, which dictates the number of screens that may show a film in a nearby area. Regal Cinema’s MacArthur Center location is within that 2.5-mile distance and consequently many new films screened at MacArthur cannot be shown at the Naro. Nonetheless, Vourlas and Phillips manage to book the independent, foreign and documentary films its audience wants, and with a demographic that trends older, they know that many will wait to see new releases in second-run at their favorite theater. In the 2010 post-Oscar rerun marathon, “Crazy Heart,” whose star Jeff Bridges won the Best Actor award, gave the theater its most profitable weekend in months.



The Naro finds smaller film distributors like Fox Searchlight, Focus Features, Roadside Attractions and Apparition Films easy to work with because they permit staggered showings and aggregate booking. Vourlas and Phillips continue to innovate and their community activism leads them to book popular documentary series on ecological and spiritual topics, complete with speakers drawn from the region, throughout the year. They also run summer festivals of older films hosted by local critic Mal Vincent, whose star-studded firsthand stories attract patrons.

The close association of the two Naros – Cinema and Video (the latter moved next door to the former on Colley Avenue in 2000) – has created a synergistic film focus in Ghent. The cinema, long considered the “centerpiece of Ghent” and ground zero for the neighborhood’s reputation as a local Greenwich Village, underwent an upgrade in early 2001 with new roofing, new screen and seats, and, most importantly, a full digital package for its projection room. Approximately \$70,000 in gifts from the city of Norfolk and the community, along with \$150,000 from the Clarence Foundation, created by Vourlas and Phillips, enabled the Naro

to remodel and modernize. Absent these funds, the Naro Expanded Cinema might have folded at the beginning of the new century. Even so, like the Naro Expanded Video, one of the last of the older independent film-rental stores on the East Coast, it remains among the last of the breed; single-screen houses now account for less than 4 percent of theaters in the country.

The only other “movie art house” in our region is associated with Colonial Williamsburg. The Kimball, which was once the Williamsburg Theater, now shows foreign, documentary and independent films, but also works closely with Colonial Williamsburg to offer plays, performances and other events relevant to that organization’s mission. This keeps the theater, which is located in the midst of the shopping district within the old city limits, open in its original state. But its film programs are not its chief focus.

In Portsmouth, a distinctive situation unfolded at the Commodore, a theater built on High Street at the end of World War II. After much of the city’s population began to shift to the suburbs, its audiences declined, and when the theater closed in 1975, it had been reduced to screening porn films. Shuttered for years thereafter, it was bought by a church, but demands that the church renovate the site led to a seven-year battle, culminating in threats of condemnation. In 1987, Fred Schoenfeld, who had worked from his teen years for local movie houses, learning the business when 90 percent of theaters in the country were four-walled, stepped in with the idea of offering full food service along with showing movies.

Schoenfeld’s family now runs the refurbished four-wall, complete with its original balcony for those who do not want the full-service menu offered on the floor. The Schoenfelds initially sank three times the budget they anticipated to reopen the theater, but since the advent in 1990 of food and drink, they’re now seemingly comfortable with a “\$10K business.”

Playing first-run films continuously most of the year (“Titanic” played for 21 straight weeks), the Commodore also has featured a live bluegrass concert each year since it reopened. However, Schoenfeld takes pains not to compete with the Naro Expanded Cinema’s festivals. The combination of a comfortable, well-equipped theater, first-run films and a varied menu prepared on-site has

made the Commodore Theater a distinctive (though unknown to many) movie destination.

The Commodore, however, was not the first film-and-food venue in the region. The Cinema Café, which opened in a Virginia Beach strip mall more than 20 years ago, is the “pioneer cinema eatery” in Hampton Roads, boasting three screens. CEO John Walker and his partners now have four locations, three of them devoted to second-run features – the original triple-screen theater in the Pembroke area, a second location in Virginia Beach’s Kempsville neighborhood, another in Chesapeake’s Greenbrier section, and a newly built first-run 12-plex in Hampton. The latter features stadium seating equipped with counters in each row that enable patrons to summon the waitstaff.

More ambitious than either the Naro’s owners or Schoenfeld, Walker sees financial opportunity in opening the doors for family celebrations and business meetings in his refurbished theaters. His second-run houses cater to a different market than any of the multiplexes. Since films now appear on DVD within four or five months of their theatrical debut and can be streamed via computer and cable systems directly to home viewing often within six weeks (and sometimes on pay-per-view even the same day as the DVD release), booking for the original Cinema Cafés is more difficult. Cox Communications, Comcast and Verizon offer attractive movie menus and have deep pockets.

Nevertheless, special pricing by the Cinema Cafés helps bring audiences in throughout the week. This spring, for example, the Pembroke and Greenbrier houses charged only \$1 on “Twisted Tuesdays,” \$2.75 less than the normal \$3.75 ticket price. And on “Wacky Wednesdays” at the Kempsville location, patrons could purchase a ticket for \$3.50, a dip from the normal \$4.75 price the rest of the week. Walker sees interest in the food/film model growing. Regal Entertainment has opened a number of Cinebars around the country, an experiment joined by the AMC chain’s Fork and Spoon theaters. It appears that Walker’s innovation may help the bottom line for theater conglomerates that are struggling to retain business lost to developments in home delivery.

In fact, one chain has opened more than 20 such venues around the country: Movie Tavern. The only one in Hampton Roads is in Williamsburg, competing with the Regal Newtown for clients. With two screens, one accommodating 3-D films, this Movie Tavern is an “original” location, which indicates that its food is ordered in the lobby and delivered to the seats, all of which have convenient tables in front of them. More elaborate Taverns include the kind of service offered by the Commodore and Walker’s theaters. All early shows at the Tavern cost \$6, and tickets never go above \$8.50 on weekend nights, which is appealing to students and local residents.

Also on the Peninsula, Cobb Theatres’ eight-screen CinéBistro opened June 25, 2010, at Hampton’s Town Center. According to its website, this upscale theater “allows its customers to enjoy the splendor of watching a movie in their own specially reserved, ultra-luxurious high back leather rocking chair, eat a sumptuous gourmet meal served in their seat, sip premium cocktails and fine wine, and then retire to the terrace for delicious coffee and dessert.” One of only five such theaters in the country, the Hampton location is also the only one that has a bowling alley.

The Video Store Alternative

Throughout the 1980s and early ‘90s, as video stores and cable access proliferated, the Naro Cinema held its own, even leasing its name and logo to a single-store video outlet, located nearby on Spotswood Avenue. Naro Expanded Video, which opened in 1989, joined four other stores in the mid-Atlantic region owned and operated by Barry Solan and four partners. Ideally, one of these partners was intended to manage the Norfolk site, but after a few years, the store failed to realize Solan’s hopes and was sold to Tim Cooper and Linda McGreevy in 1996. Cooper, whose weekly columns of film criticism had been appearing since 1983 in Portfolio Magazine, the region’s now defunct alternative newspaper, revived the business with tactics that have kept Naro Expanded Video afloat to the present day.

Recognizing that Blockbuster and other movie-rental chains then in operation would have far more copy depth for current releases, Naro Expanded Video

focused on acquiring films in all areas, creating a growing archive of films in every possible category save one: hard-core erotica. The German release "Taxi zum Klo," which had once provoked a police raid when it was shown at Naro Expanded Cinema, was an early acquisition, but its presence for home consumption failed to draw a similar response from the city, and the film remains in the store's popular LGBT (Lesbian-Gay-Bisexual-Transsexual) section. Cooper hired knowledgeable staff and helped McGreevy organize the offerings into easily accessible categories. The acquisition of vintage posters, photographs and movie memorabilia enhanced the atmosphere for their targeted membership of film buffs and connoisseurs, creating an ambience unparalleled in the region.

Like the Naro Expanded Cinema, which has always offered ticket books at a discounted price, the video store's thrifty members can keep on file prepaid cards, which give them a discount from the rental price of a single DVD. Over the past decade, the store has adapted to industry standards, and now has 35,000 titles on disc. Those movies not yet transferred to DVD and Blu-ray remain in reserve on VHS videotape. Pricing has risen only slightly over the years, standing at \$4 for a single rental, including new releases. There are various prices for multiple rentals and multi-disc sets of contemporary American and British TV series, which are enjoyed by a growing percentage of the store's membership.

The video store business has been forced to innovate as well. When Cooper acquired Naro Expanded Video in 1996, the store's rivals included two independents in Norfolk, as well as numerous chains, notably Dallas-based Blockbuster, the industry leader. In the 14 years since Cooper first stocked the shelves with videotapes, other local independents have vanished and chains have alternatively proliferated, consolidated and closed in turn. The prognosis for "brick-and-mortar" video stores appears to be grim in light of increased availability of top-flight movies via broadband cable and satellite sources such as Direct TV and the Dish Network, the emergence of hybrid competitors such as Netflix, the ability of individuals to download movies via the Internet and new kiosk competitors such as Redbox. Even so, Cooper understands the value of a well-stocked and organized venue with knowledgeable film buffs behind the counter.

Cooper's niche business, which peaked at just under \$400,000 in annual revenue a few years ago, has stayed afloat in the face of seemingly steep odds. "We're committed to our members' love of good – and even bad – films and want to offer the kind of experience that film lovers have always savored. Every kind of film can be found in our 'archive,' and though we don't have the ability to keep up with the copy depth for current releases the chains offer, we have so much more of everything from the history of film that we can satisfy almost any customer," says Cooper. **Both individuals seeking a particular film that piques their interest and film buffs find Naro Expanded Video to be an attractive oasis. Those behind the counter actually know what they are doing.**

While no one can say what will happen to stores that have established such a niche, the chain video stores are undoubtedly facing challenging times. Blockbuster's fortunes have plummeted since Viacom divested it in 2004. Blockbuster always has focused on new releases and rapidly moves older titles from the shelves to sale racks (ironically, a practice that has helped Cooper increase his inventory). Blockbuster has copy depth, but it no longer has much breadth and its holdings seldom include foreign films or independent gems. Further, much like the fast-food chains, the young clerks Blockbuster employs come and go, and seldom have any historical sense of films more than a year old. Another bit of instability has been added by highly variable late-fee charges, which even disappeared for a short period in 2008.

At times, Blockbuster's attempts to capture consumers' wallets have seemed clueless. The announcement of grand schemes like in-store cross-retail with Radio Shack, the acquisition of huge stocks of games and their players, and more recent forays into video-on-demand and online rentals paired with in-store returns have failed to improve the chain's bottom line. When the DVD format first appeared, Blockbuster promoted sales over rentals, but competition from giant retailers like Walmart, Circuit City and Best Buy defeated such efforts. Customer and stockholder satisfaction plunged as the first decade of the century waned. In late March 2010, Blockbuster stock had plummeted to 25 cents a share. The bottom line is that Blockbuster is losing money and in a little over a year will have closed more than 3,000 stores nationally and inside the region. That said, in early 2010, there were still more than two dozen Blockbuster stores in Hampton Roads.

Kiosk vendors like Coinstar's Redbox (which both sells and rents its stock) have provided stiff competition for everyone through bargain pricing (rentals at \$1 per night), convenient locations near exit doors in grocery stores, outside convenience stores, on college campuses and at gas stations. Redbox reported

1 million rentals per day in 2009. But customer satisfaction is mixed. Redbox titles are more likely than not recent releases provided in multiple copies, much like the chain brick-and-mortars, but no one checks returns on the rentals, and consequently some discs in the machines are scratched or cracked, rendering them useless.

Netflix, the most successful of current online venues, sends discs by mail to its 12.3 million subscribers. It appears to be prospering and announced a 36 percent jump in its fourth-quarter earnings for 2009. Boasting an increase of 1 million members last year and a "churn" (subscriber loss) of only 4.2 percent for the quarter, it predicts it will have 16 million subscribers at the end of 2010. Since its founding in 1997, Netflix has adeptly pursued the market for online video retailing, partnering with major studios and capturing exclusive deals for films like the 1998 neo-noir style "Croupier," which was unavailable elsewhere for months after its release. Sony recently announced that it is rolling out a \$200 Internet-enabled media player exclusively for Netflix customers. With 58 distribution centers around the country, Netflix has earned the right to call itself "the world's largest subscription service for online rental." Now, driven by its ability to stream movies, television programs and games over the Internet, Netflix appears to be well positioned for the future.

But not everyone is content with Netflix's service. As its subscriber pool has jumped, the company has struggled to provide DVDs to satisfy increased demand, and at present, it can be three or four weeks before a customer can receive the newest releases. Early in 2010, Netflix added an "Expected Availability" notification in its online queue, where customers list the films they want sent, many of which now have a "very long wait" until shipment. Subscribers have also been bothered by defective discs, incorrect mailings and indifferent responses to their complaints. Some have begun to return to traditional brick-and-mortar stores like Naro Expanded Video or have taken their chances with Redbox. One disgruntled customer recently told us, "I was asked to wait

several weeks for 'Sherlock Holmes,' so I dropped Netflix and went to the Naro Video. I got a copy that night."

The Bottom Line for Cinema and Movie Devotees

The outlook for film lovers in Hampton Roads remains upbeat. Movie aficionados have unprecedented access to the cinema. Films big and small continue to arrive at the first-run houses, cycle through second-run venues and appear on DVD and online within four to five months. No matter what happens to the national chains such as Blockbuster, Redbox or Netflix, our region's independent film theaters (the Naro and the Kimball) and its sole stand-alone independent video store (Naro Expanded Video) seem well positioned to continue to serve discerning movie lovers. Improved offerings by regional cable providers such as Cox Communications, Comcast and Verizon also have made significant improvements in the choices available to film viewers.

It always has been perilous to attempt to predict the future paths that technological change will carve out for Americans. It is neither easy to anticipate innovations such as the Kindle and the I-Pad, nor to predict how well they will be received. Nevertheless, a constant, at least for now, is the love that millions of Americans have for movies, whether enjoyed in movie houses or at home. It may not necessarily be a good time to be in the movie house business, but it is a superb time to watch an unprecedented variety of movies.

