2026 Theater Market Report

Mar 2026,
Research Center
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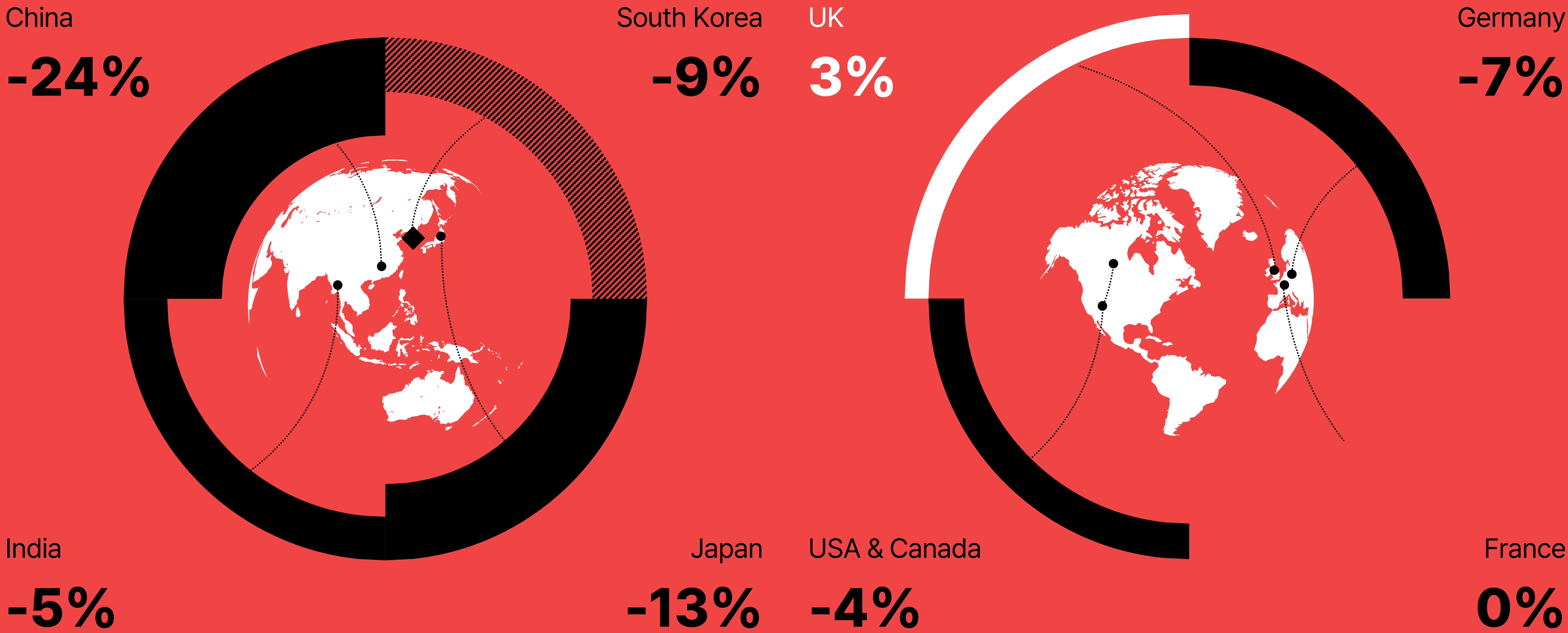
RSQUARE

Year-over-Year Theatrical Revenue Growth (2023–2024)

The decline in theatrical revenue is not confined to Korea
It reflects a global trend across major markets.

This sustained underperformance is weighing not only on the broader film industry, but also generating meaningful headwinds for the commercial real estate sector.

Source Marché du Film (2025), World Film Market Trends



Index

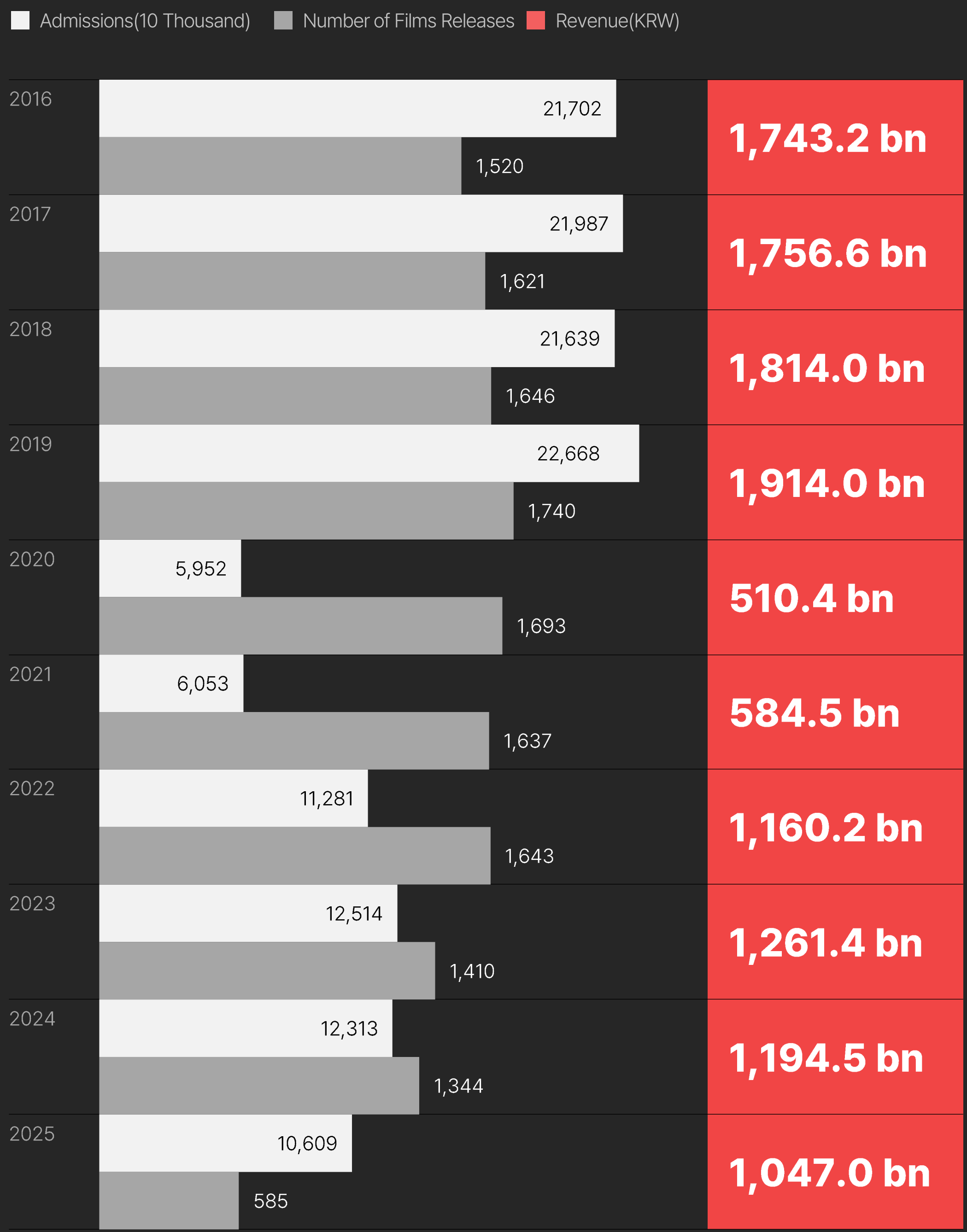
Film Theater Revenue

Film Theater Revenue

● Box office revenues have failed to recover to pre-pandemic levels following their sharp decline during COVID-19, with 2025 revenues tracking at approximately 50% of 2019 figures.

● Notably, during the pandemic period, studios sustained output by releasing films that had been produced prior to the outbreak. However, from 2023 onward, new release volumes declined sharply — reaching roughly one-third of 2019 levels by 2025. Given the continued deterioration of the theatrical exhibition sector, further compression in release volume appears likely going forward.

Annual Film Theater Revenue Trends



Source Korean Film Counci

Revenue of Major Multiplex Operators

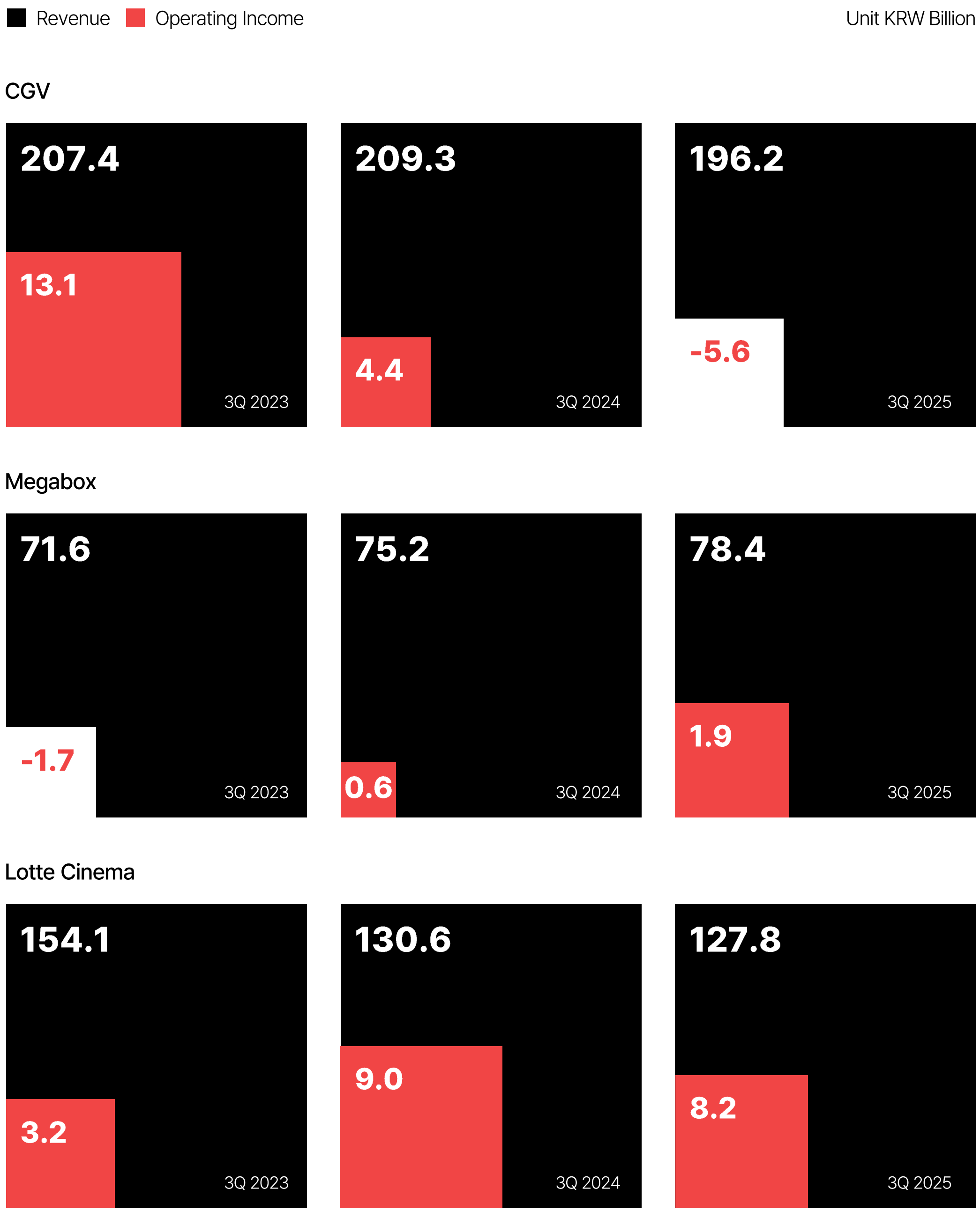
● The three major domestic multiplex operators are navigating materially divergent financial trajectories.

1)CGV has seen revenue growth decelerate over the past three years, ultimately contracting in the most recent fiscal year. Operating profitability has deteriorated consistently, culminating in an operating loss of KRW 5.6 billion in Q3 of last year.

2)Megabox presents a constructive outlook, with both revenue and operating income on a sustained upward trajectory. The operator has successfully differentiated its value proposition through premium format auditoriums and exclusive screening rights.

3)Lotte Cinema has recorded declining Q3 revenues over the past three years; however, operating income has improved over the same period — reflecting the benefits of a deliberate portfolio rationalization strategy, including theater closures and targeted branch remodeling initiatives.

Domestic Financial Performance of Major Multiplex Operators: Revenue & Operating Income Trends



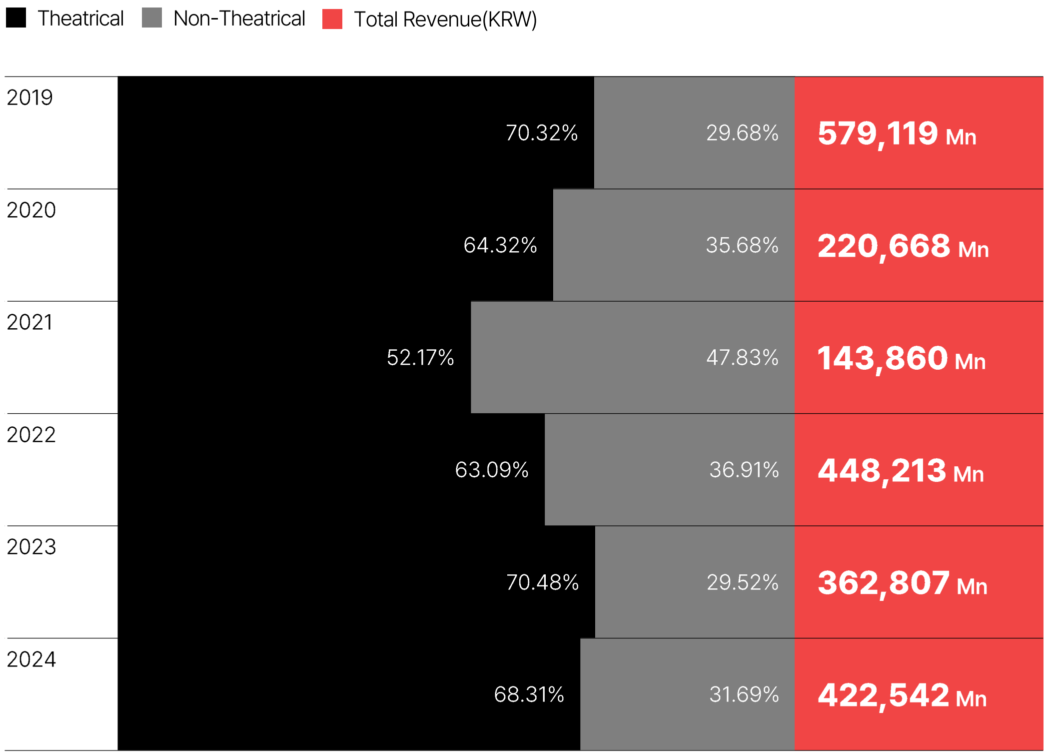
Source Respective Company IR
※ Lotte Cinema figures include Vietnam operations

Key Industry Metrics for Film Revenue

● Domestic commercial film revenue has plateaued since 2022, with no meaningful incremental growth observed. This stagnation is largely attributable to the structural decline in theatrical box office receipts, which continue to represent the predominant share of total film revenue — thereby exerting outsized downward pressure on aggregate industry topline performance.

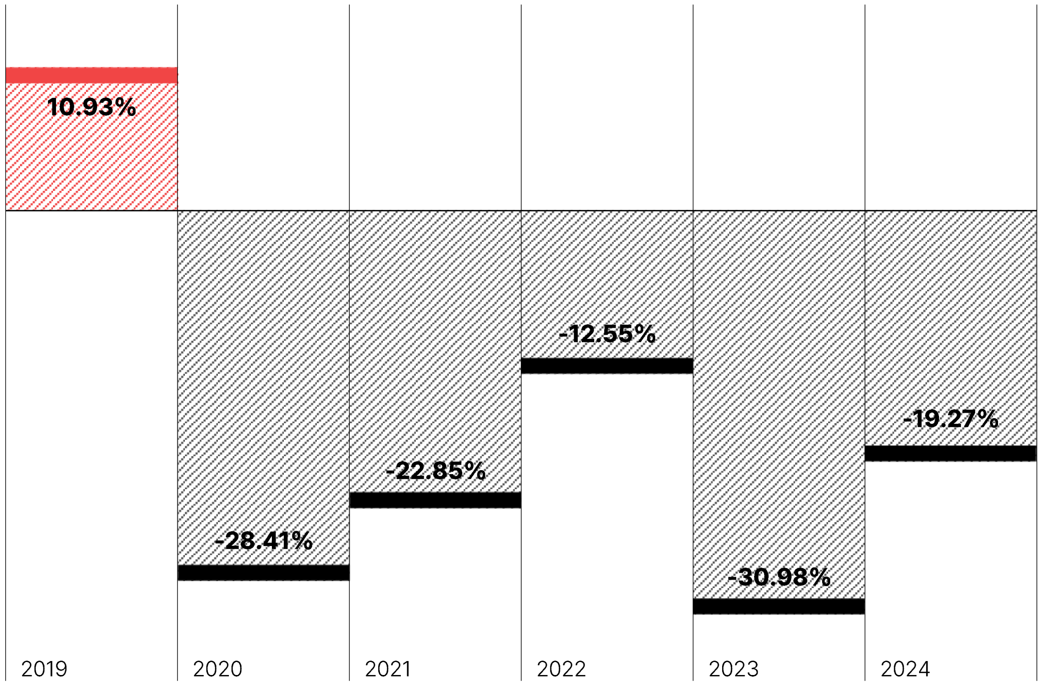
● Profitability in the domestic commercial film sector has shown no signs of recovery since the pandemic. Margins deteriorated sharply in 2023, with returns declining to approximately -31%, marking the most challenging period for the industry. A sustainable path to margin improvement will likely require a fundamental shift away from the current overreliance on theatrical revenue, toward a more diversified monetization structure.

Revenue Composition by Source and Total Revenue of South Korean Commercial Films, 2019–2024



Source Korean Film Council
※ Korean commercial films produced and released with a net production budget of KRW 3 billion or above

Commercial Film Profitability Trends in South Korea, 2019–2024



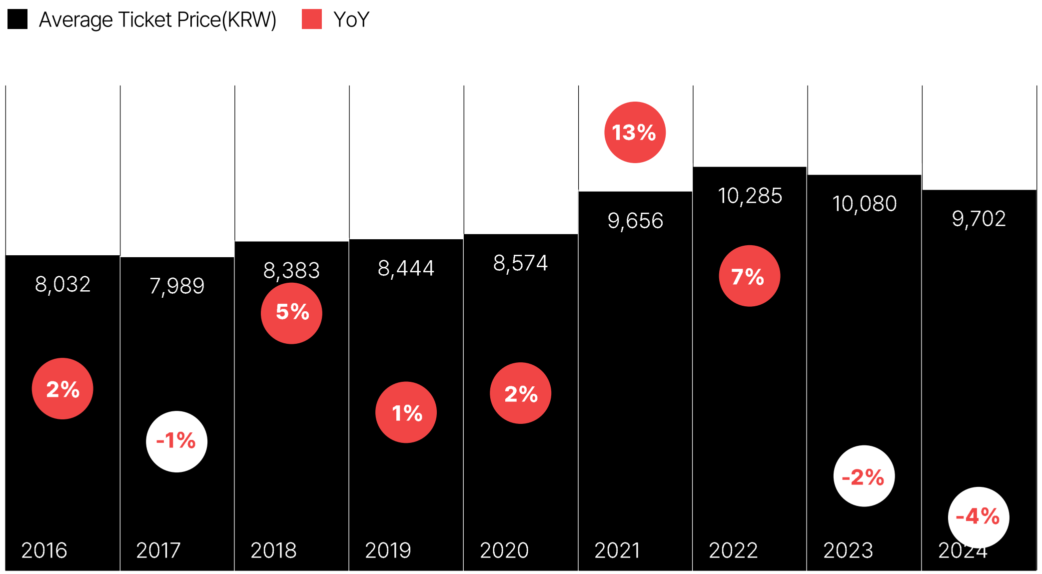
Source Korean Film Council
※ Korean commercial films produced and released with a net production budget of KRW 3 billion or above

Admission Price Trends and Overview

● Average ticket price (ATP) exhibited a gradual upward trajectory from 2016 to 2020, before rising notably to the KRW 10,000 level in 2022. Since then, ATP has stabilized with minor adjustments around that threshold through 2023–2024. Post-pandemic pricing increases were initially deployed as a defensive measure to protect topline revenue, but proved largely ineffective. More recently, exhibitors have pivoted toward segmented pricing strategies across standard and premium formats, taking into account demand recovery dynamics and the competitive landscape.

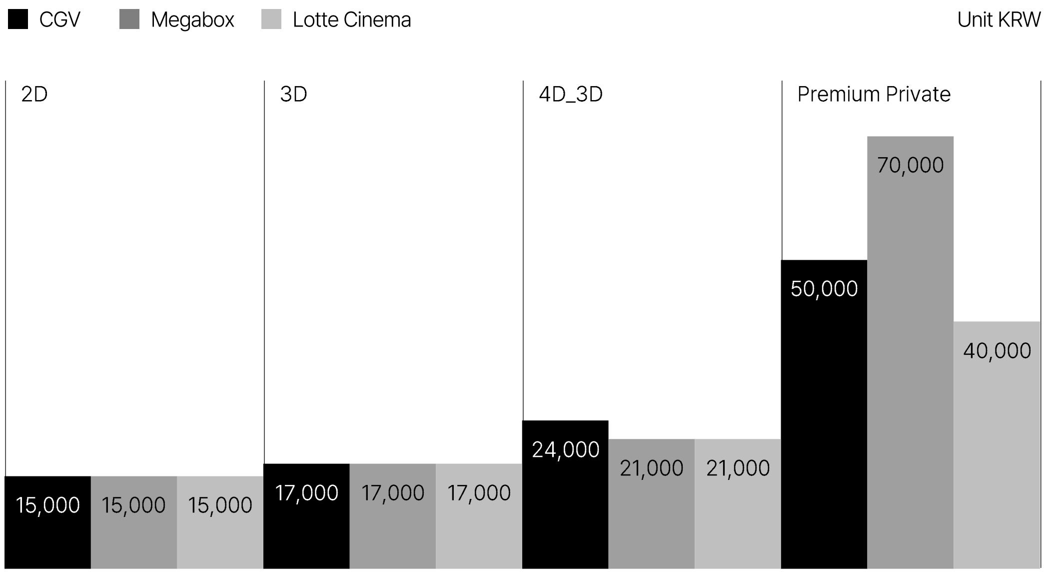
● At company-operated branches, standard format (2D/3D) pricing remains uniform across all three major chains, and 4DX pricing is broadly aligned within the KRW 21,000–24,000 range. However, meaningful price differentiation has emerged in the prime (private screening) segment, where pricing dispersion across chains has widened considerably. This divergence reflects the structural reality that standard formats face limited headroom for price increases due to competitive intensity and consumer price sensitivity, while premium and specialty formats serve as the primary lever for driving higher per-capita spend and margin expansion, incentivizing each operator to pursue distinct positioning.

Average Ticket Price (ATP) Annual Trends



Source Korean Film Council

Multiplex Ticket Pricing Overview



Source Respective Company Websites

※ Based on Weekend Rates at Directly Operated Branches, Jan 2026

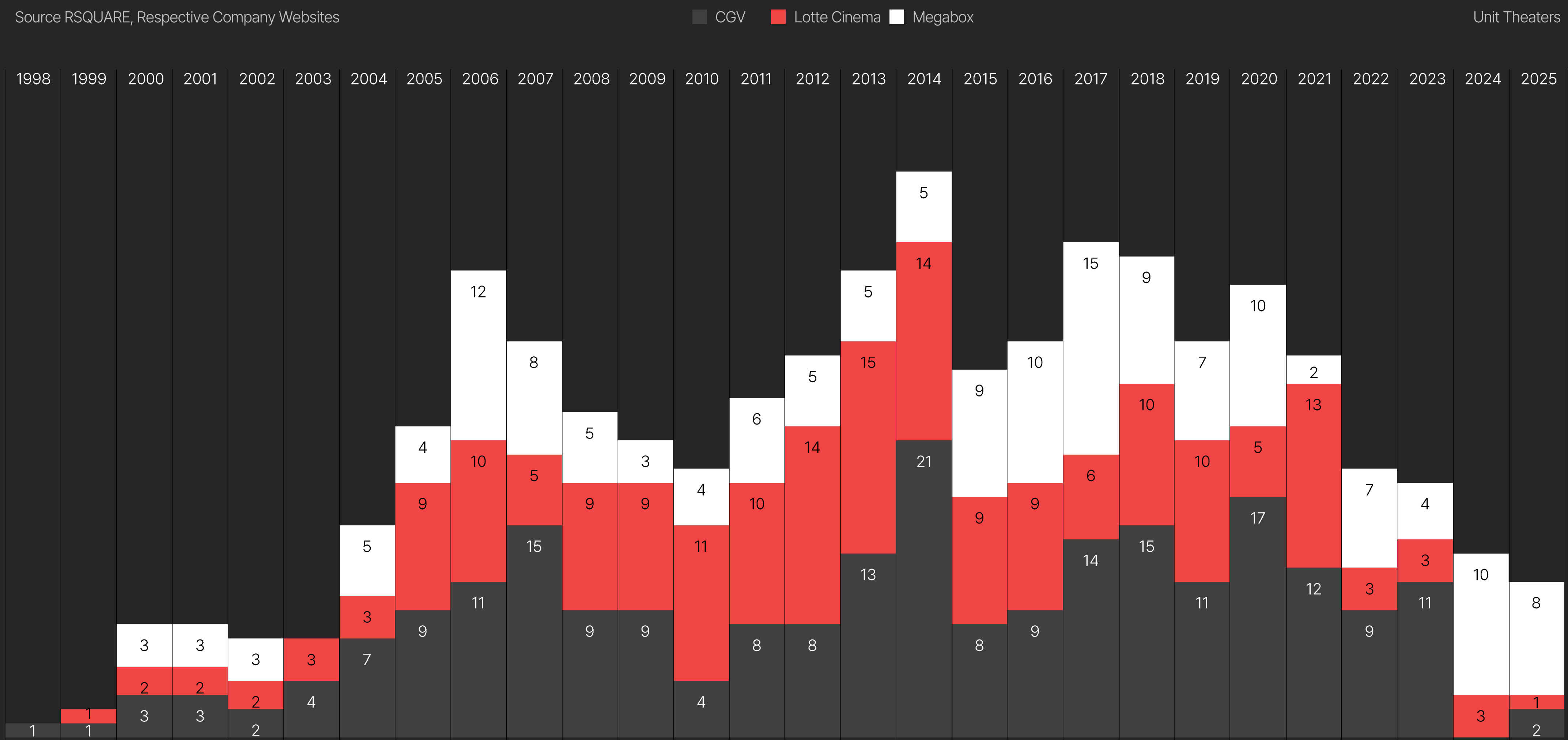
Theater Supply

Theater Supply Trends

● On April 4, 1998, the nation's first multiplex, "CGV Gangbyeon 11," opened at the Gangbyeon Techno Mart in Seoul. This marked the beginning of a rapid expansion in multiplex theater count through the 2000s, fundamentally reshaping the market structure. The proliferation of multiplex operators eroded the competitive viability of smaller, independent local theaters, effectively displacing the legacy single-screen model that had previously defined the industry.

● For over two decades since, the market has been dominated by a three-player oligopoly comprising CGV, Lotte Cinema, and Megabox (formerly Cinus). This structure remains firmly intact, with 11 additional thea

Source RSQUARE, Respective Company Websites

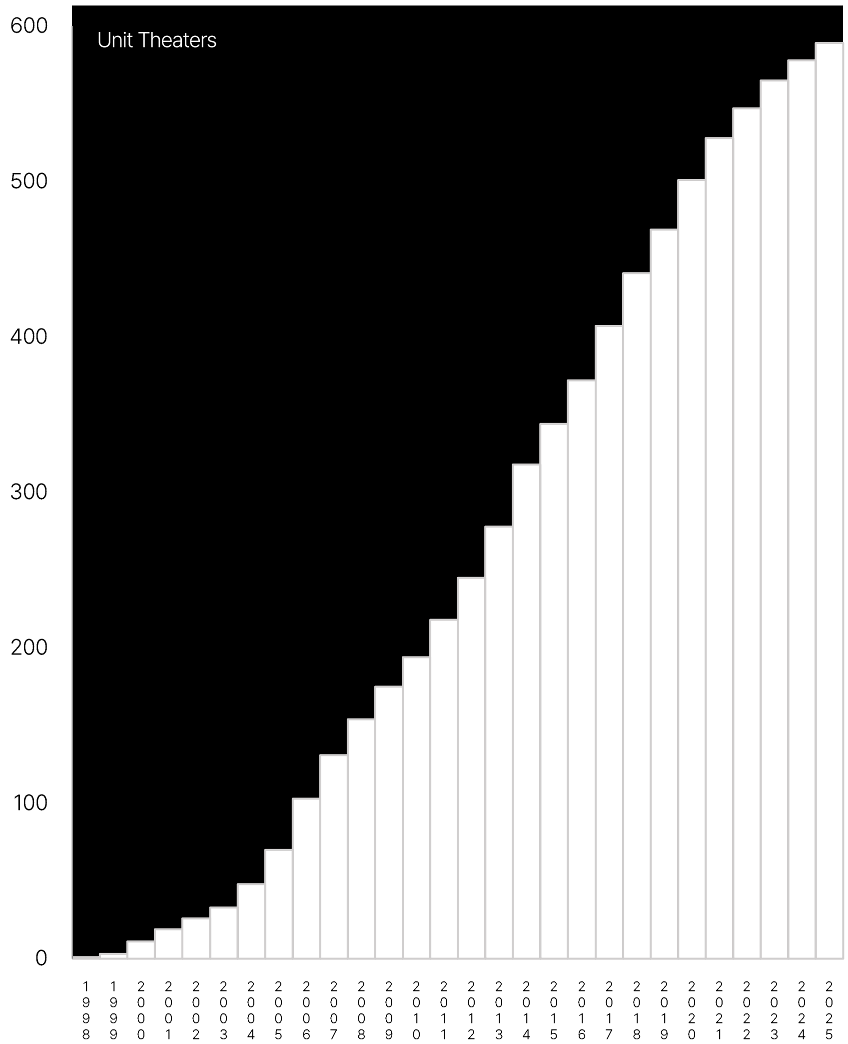


Theater Supply Trends

Cumulative Theater Supply Trends (As of January 2026)

● Cumulative multiplex supply expanded rapidly following 1998, but the pace of growth has progressively decelerated in the post-pandemic period, signaling the market's transition into a mature phase.

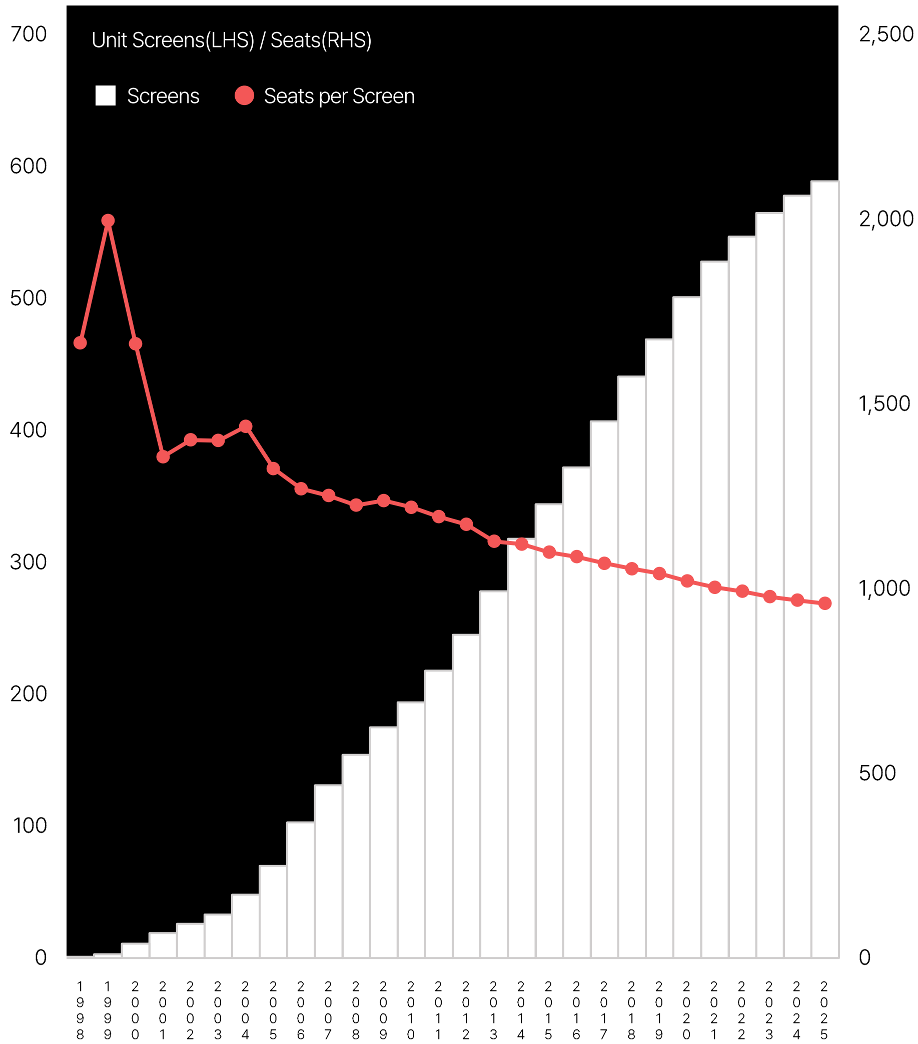
Source RSQUARE, Korean Film Council
※ As of CGV, Megabox, Lotte Cinema



Cumulative Screen and Seat Supply Trends (As of January 2026)

● Screen and seat supply growth has similarly decelerated in line with the broader slowdown in theater expansion. Over time, seat growth has increasingly outpaced screen growth, reflecting a gradual reduction in audience density per auditorium and a shift toward premiumization through initiatives such as recliner seating adoption.

Source RSQUARE, Korean Film Council
※ As of CGV, Megabox, Lotte Cinema



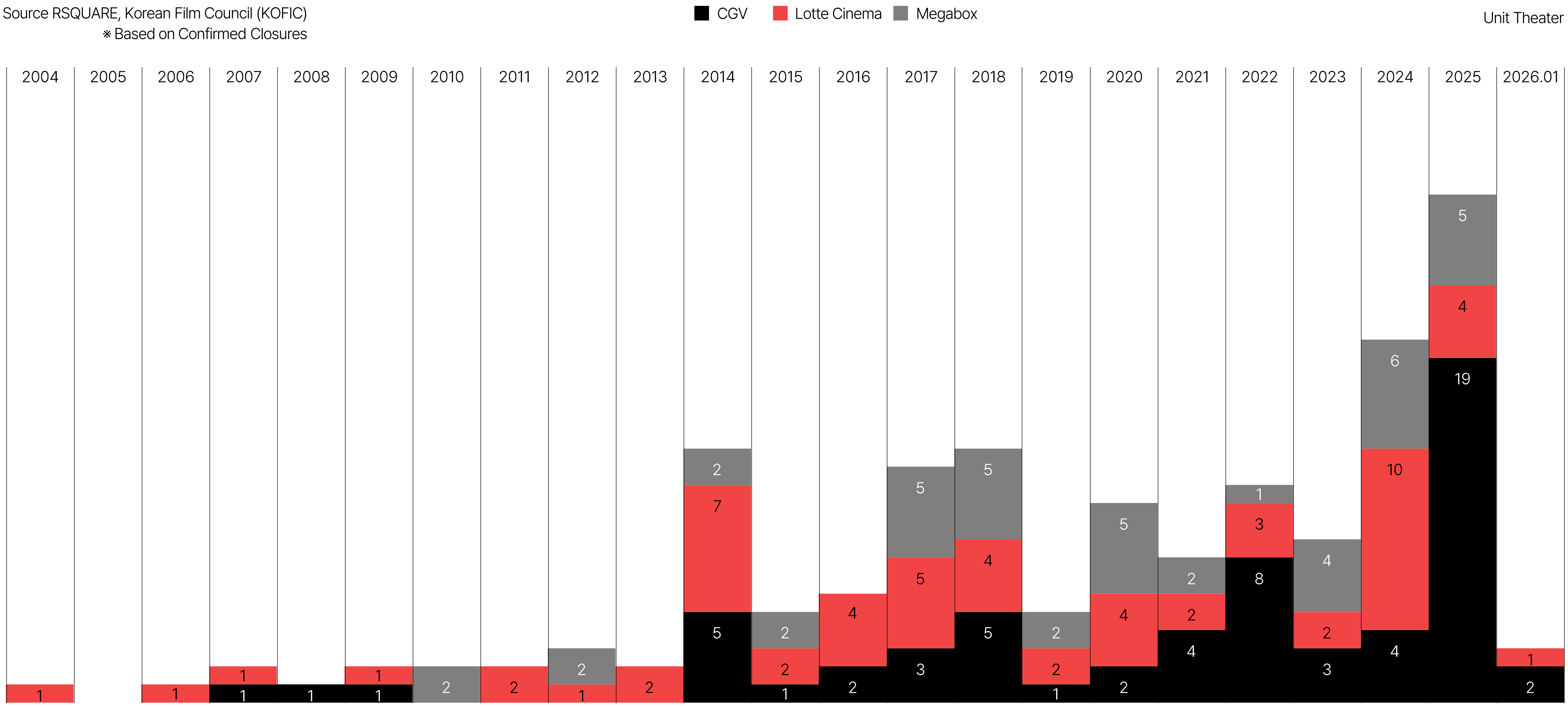
Theater Closure Trends

● Theater closures were initially concentrated in 2014 and 2017–2018, but have expanded significantly in 2024–2025 as branches with weakened profitability accumulated in the wake of the pandemic.

● Notably, closures in 2024 were led primarily by Megabox, while CGV accounted for the majority of shutdowns in 2025. This pattern is best interpreted as a selective portfolio rationalization, with each operator strategically exiting underperforming sites.

● From an investment perspective, if this consolidation of inefficient branches translates into a portfolio reorientation toward core trade areas and premium formats, it could meaningfully alleviate fixed cost burdens and unlock margin improvement potential over the medium to long term.

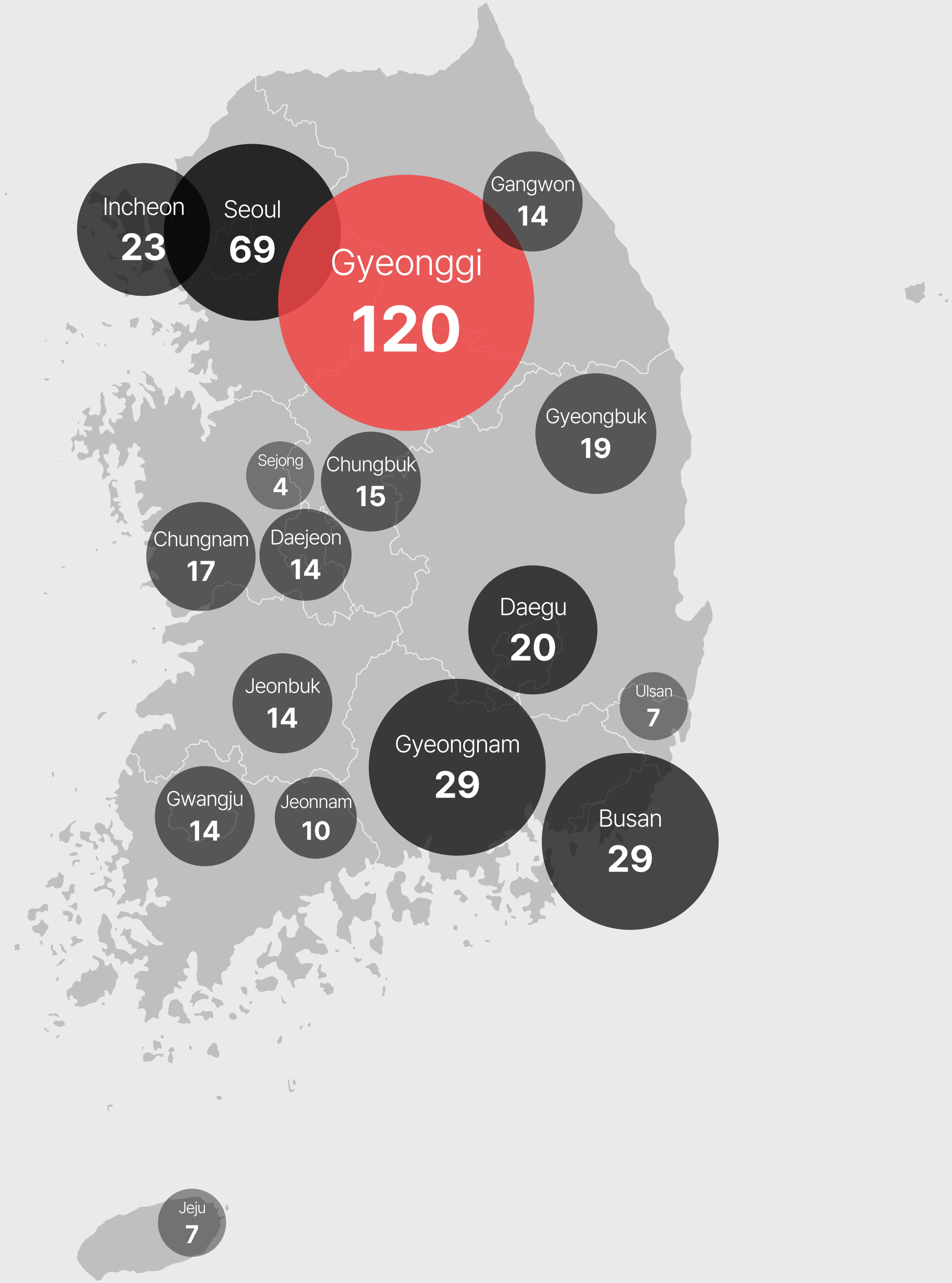
Source RSQUARE, Korean Film Council (KOFIC)
※ Based on Confirmed Closures



Multiplex Supply by Region

● Domestic theaters, much like other retail formats, tend to cluster in urbanized areas with well-developed trade zones (e.g., 19 sites in Gyeongsangbuk-do versus 20 in Daegu Metropolitan City).

● Seoul alone accounts for 69 branches, while Gyeonggi-do hosts over 100, suggesting considerable revenue dispersion across sites depending on micro-location within these two regions.



Unit Theaters

Source RSQUARE, Korean Film Council (KOFIC)
※ As of CGV, Megabox, Lotte Cinema / Jan. 2026.

Directly Operated vs Commissioned Site Ratio

(As of January 2026)

● Multiplex chains are diversifying their operating models in pursuit of improved profitability. The balance between directly operated and commissioned (franchised) sites is broadly similar for CGV and Lotte Cinema, while Megabox exhibits a distinctly different structure.

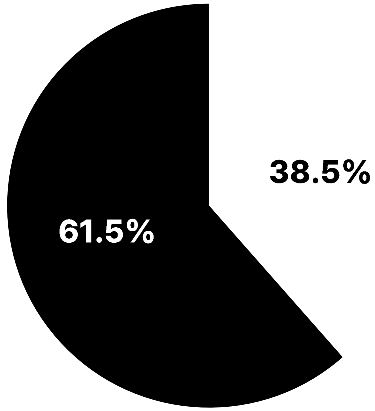
● CGV and Lotte Cinema operate over 60% of their sites directly, which affords greater operational control and brand standardization. However, this model carries a higher fixed cost base, amplifying P&L leverage during periods of demand volatility such as the pandemic.

● Megabox, by contrast, maintains the highest commission ratio among the three majors at 61%. While this asset-lighter approach offers advantages in cost and risk dispersion, it introduces potential variability in operational quality across branches, commonly referred to in the industry as the "site-by-site" inconsistency issue.

CGV

■ Directly Operated □ Commissioned

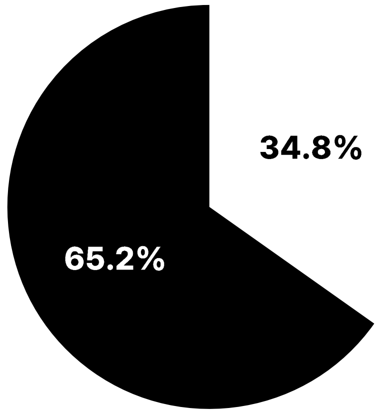
107 sites **67 sites**



Lotte Cinema

■ Directly Operated □ Commissioned

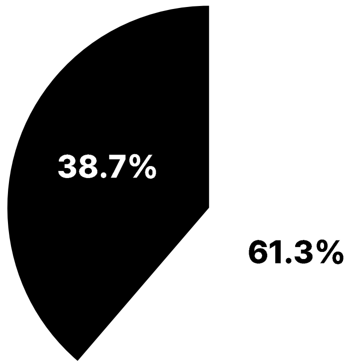
86 sites **46 sites**



Megabox

■ Directly Operated □ Commissioned

46 sites **73 sites**



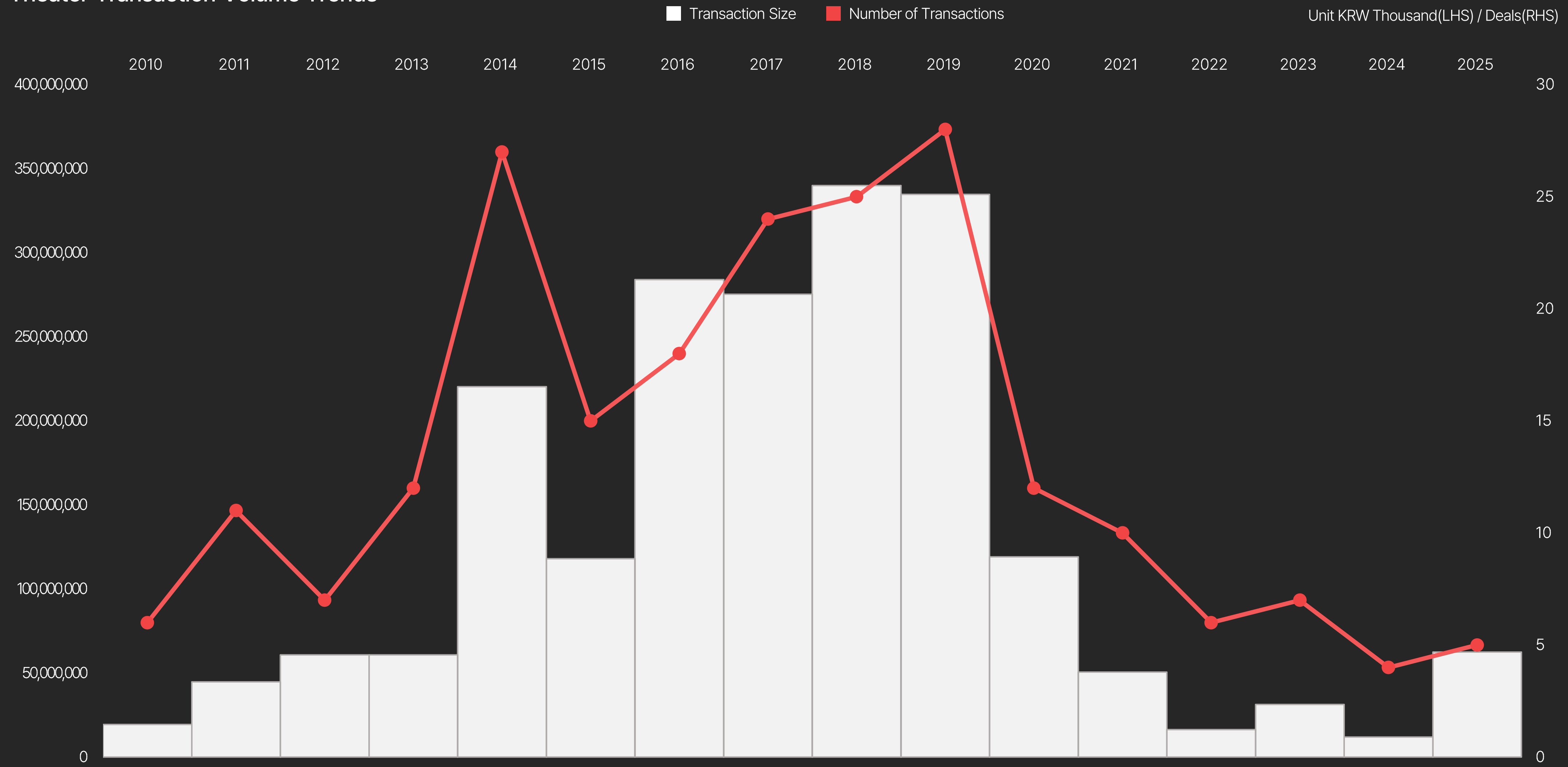
Theater Transactions

Theater Transaction Market

● The theater transaction market experienced a period of strong activity in 2014 and again from 2016 to 2019, with both deal volume and transaction value expanding in tandem. However, the market contracted sharply following the onset of the pandemic in 2020, and the resulting downturn in deal activity has persisted over an extended period.

●Going forward, deal activity is likely to skew toward assets with strong profitability profiles, such as those located in prime trade areas or equipped with premium formats (specialty and private screening), as well as assets that offer flexibility for closure or repurposing.

Theater Transaction Volume Trends



Source RSQUARE

Theater Transaction Market

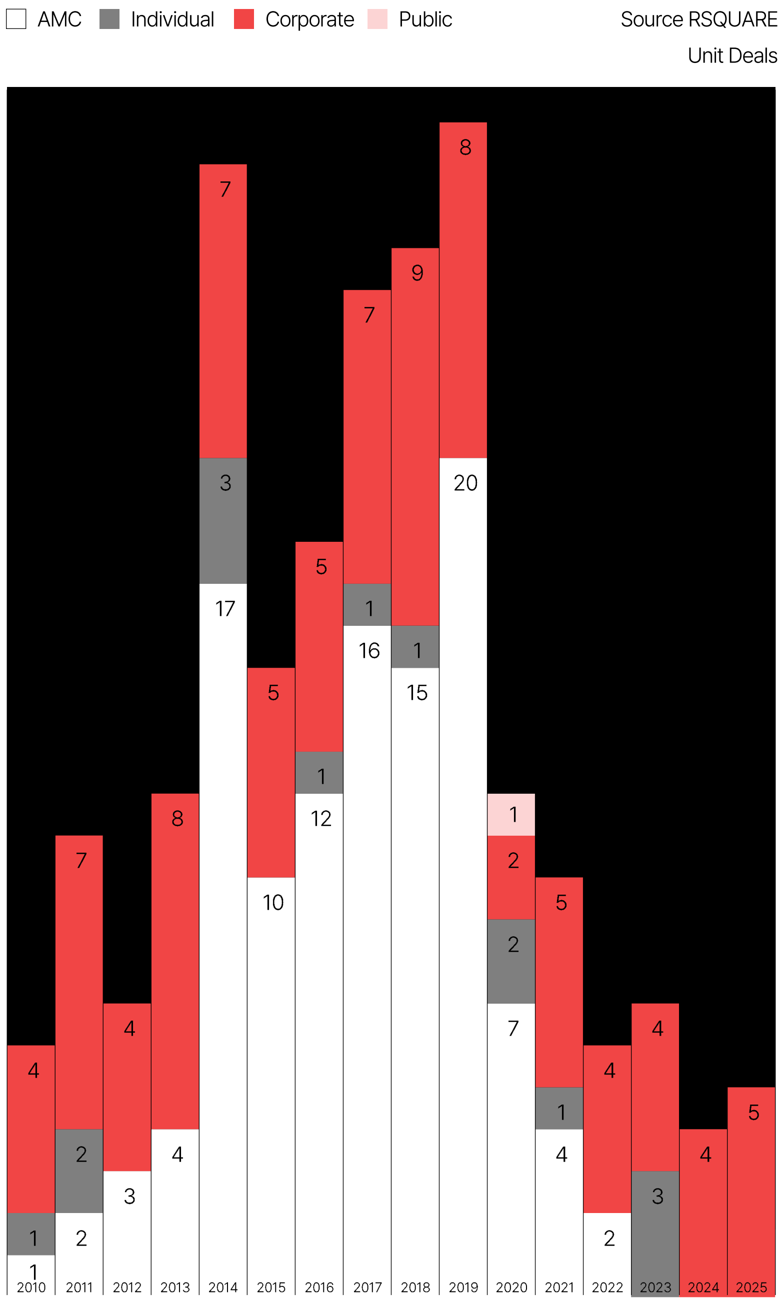
● During 2014–2019, asset turnover was frequent, with fund managers (asset operators) accounting for over half of acquisitions, driven primarily by operational yield objectives. However, as foot traffic declined in the post-pandemic period, transactions have shifted predominantly toward conversion-driven deals, where existing theaters are closed and repurposed for alternative uses, with corporate buyers comprising the majority of counterparties.

● A review of recent theater transactions reveals that most involved the turnover of CGV directly operated sites, with deals largely executed between corporate entities rather than AMC. Unless the broader film industry demonstrates a meaningful recovery, theater transaction activity is expected to remain limited.

Key Theater Transactions, 2024–2025

Transaction Period	Brand	Theater	Location	Type	Sale Price (KRW)	Seller	Buyer
24.3Q	Megabox	Pyeongtaek	Pyeongtaek, Gyeonggi	Directly Operated	6,634,000 K	Metro Family Co., Ltd.	Pyeongtaek Cinema Co., Ltd.
24.4Q	CGV	Hwamyeong	Buk-gu, Busan	Directly Operated	5,250,000 K	Individual	Cheonwoo Engineering Co., Ltd.
24.4Q	Lotte Cinema	Pohang	Pohang, Gyeongnam	Commissioned	13,400,000 K	Flask Co., Ltd.	Ponylink Co., Ltd.
25.3Q	CGV	Songpa	Songpa, Seoul	Directly Operated	39,000,000 K	SH Corporation	Saeroun Church
25.3Q	CGV	Cheongju G-Well City	Cheongju, Chungbuk	Directly Operated	57,126,000 K	NongHyup Bank	Haeoreumdal LLC
25.3Q	Lotte Cinema	Hongdae	Mapo, Seoul	Directly Operated	14,600,000 K	Lotte Shopping	COD Retail Co., Ltd.
25.4Q	CGV	Dongnae	Dongnae, Busan	Directly Operated	8,950,000 K	Tobang D&C Co., Ltd.	CJ CGV
25.4Q	CGV	Daejeon Tanbang	Seo-gu, Daejeon	Directly Operated	40,107,610 K	Together Daejeon Dunsan PFV Co., Ltd.	Gyeryong Construction Industry

Theater Acquisition by Buyer Type Over Time



Underperformance of the Film Industry

Underperformance of the Film Industry

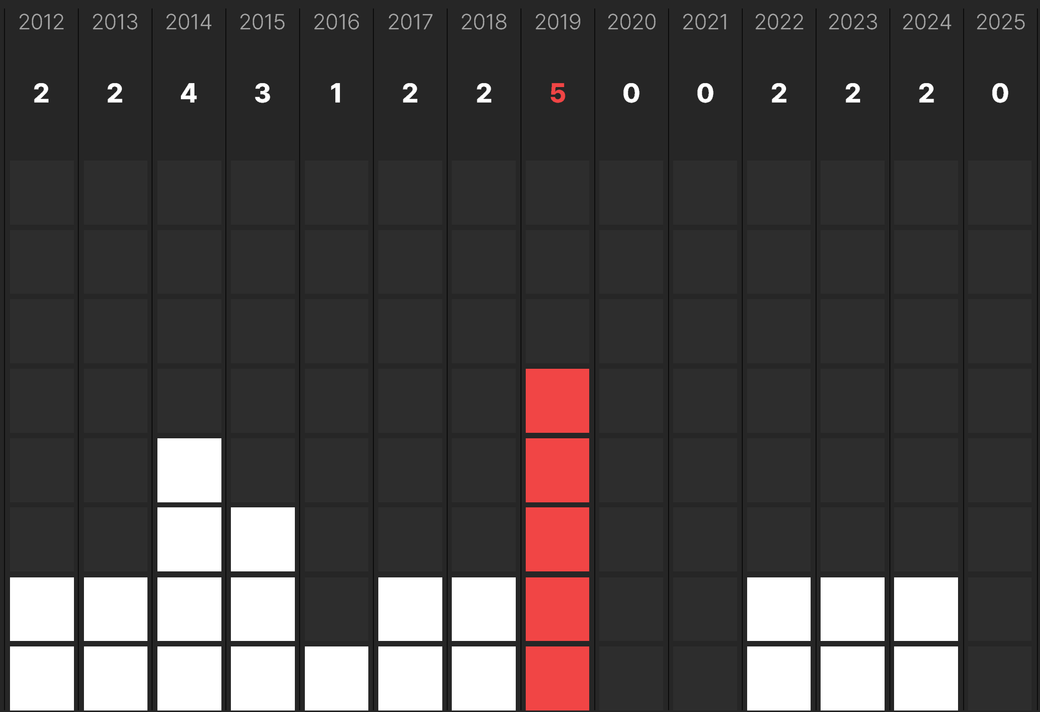
● Since the early 2010s, growing public attention toward "10-million-viewer" blockbusters drove a notable increase in their frequency, peaking at four titles in 2014 and a record five in 2019. However, as the pandemic severely contracted the theatrical industry, films reaching this milestone effectively disappeared for an extended period.

● From 2022 to 2024, two films per year consistently crossed the 10-million-viewer threshold. In 2025, however, no title achieved this milestone, with "Zootopia 2" leading the box office at 8.52 million admissions. "Avatar: Fire and Ash," another highly anticipated release, also fell short of the 7-million mark. Looking ahead, the emergence of 10-million-viewer films is expected to become increasingly infrequent.

Number of Films Surpassing 10 Million Admissions Since 2010

Source Korean Film Council

Unit Films



2025 Box Office Rankings by Admissions

Source Korean Film Council
※ As of Jan 26 2026

Rank	Title	Country	Genre	Release Date	Admissions
1	Zootopia 2	US	Animation	2025-11-26	8,520,021
2	Avatar: Fire and Ash	US	Sci-Fi	2025-12-17	6,564,851
3	Demon Slayer: Infinity Castle	Japan	Animation	2025-08-22	5,696,924
4	Zombie Daughter	Korea	Comedy	2025-07-30	5,640,198
5	F1: The Movie	US	Drama	2025-06-25	5,214,691
6	Chainsaw Man: The Movie – Reze Arc	Japan	Animation	2025-09-24	3,436,803
7	Mission: Impossible – The Final Reckoning	US	Action	2025-05-17	3,392,542
8	Yadang	Korea	Action	2025-04-16	3,378,276
9	Mickey 17	US	Sci-Fi	2025-02-28	3,013,854
10	No Other Choice	Korea	Thriller	2025-09-24	2,942,822

The Rise of Netflix

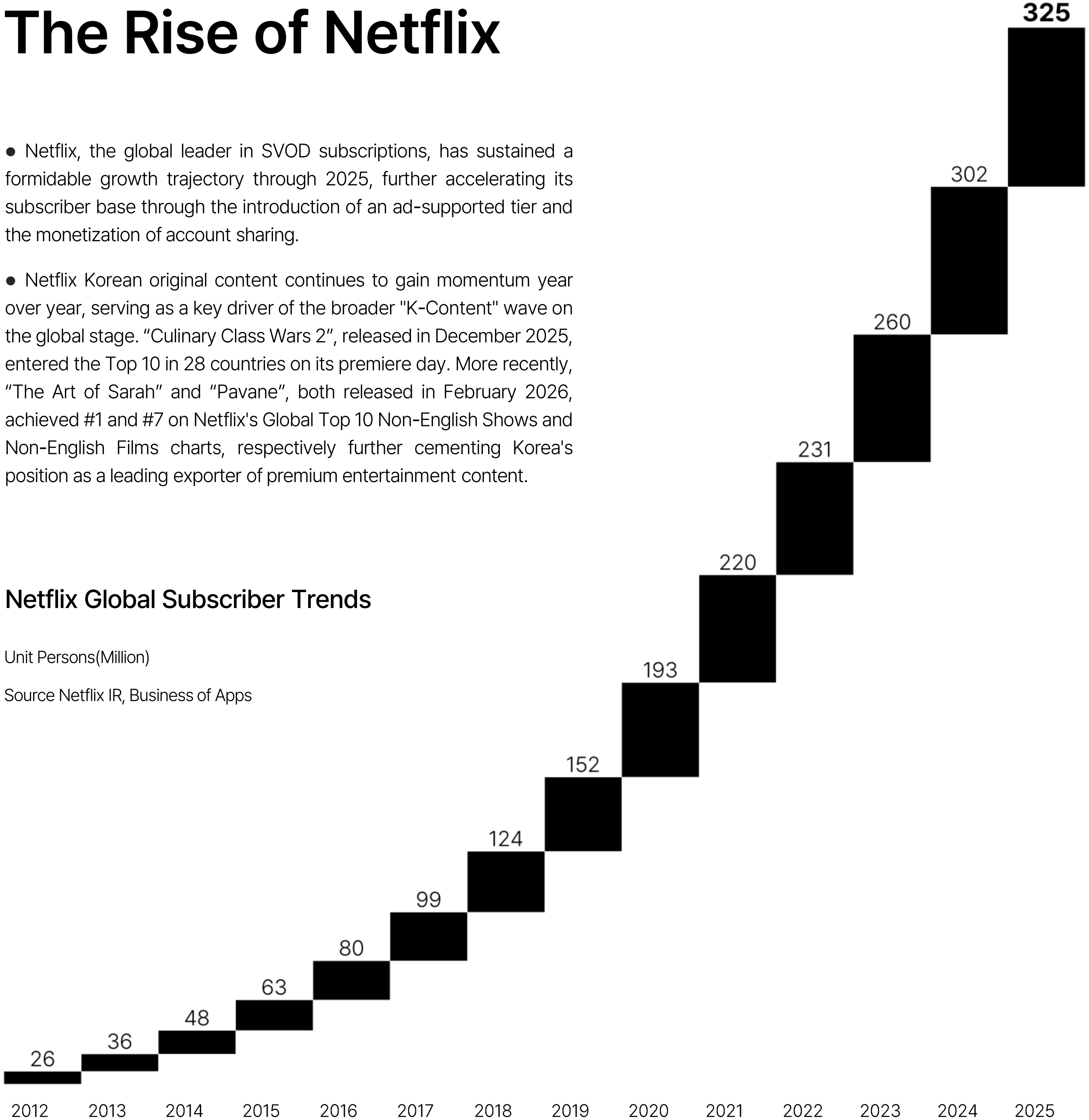
● Netflix, the global leader in SVOD subscriptions, has sustained a formidable growth trajectory through 2025, further accelerating its subscriber base through the introduction of an ad-supported tier and the monetization of account sharing.

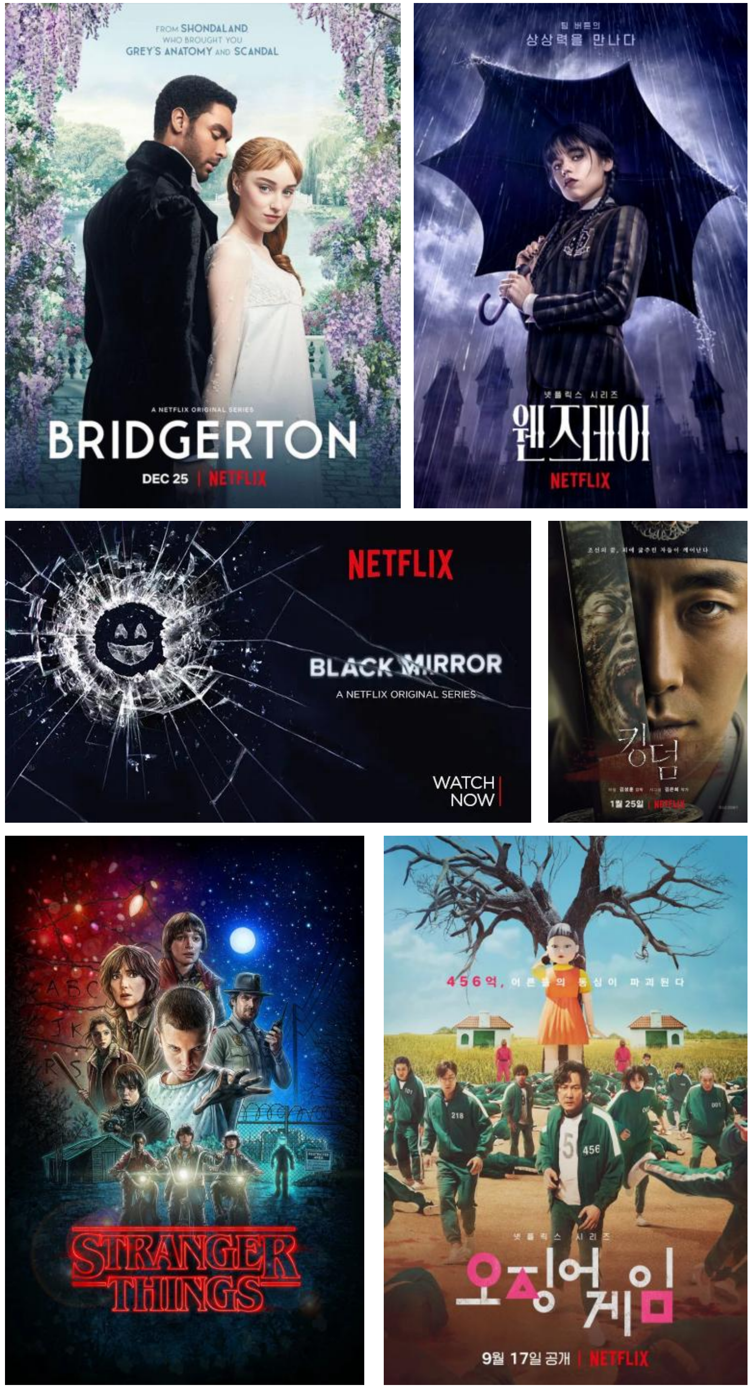
● Netflix Korean original content continues to gain momentum year over year, serving as a key driver of the broader "K-Content" wave on the global stage. “Culinary Class Wars 2”, released in December 2025, entered the Top 10 in 28 countries on its premiere day. More recently, “The Art of Sarah” and “Pavane”, both released in February 2026, achieved #1 and #7 on Netflix's Global Top 10 Non-English Shows and Non-English Films charts, respectively further cementing Korea's position as a leading exporter of premium entertainment content.

Netflix Global Subscriber Trends

Unit Persons(Million)

Source Netflix IR, Business of Apps





Growth of the Korea Streaming Industry

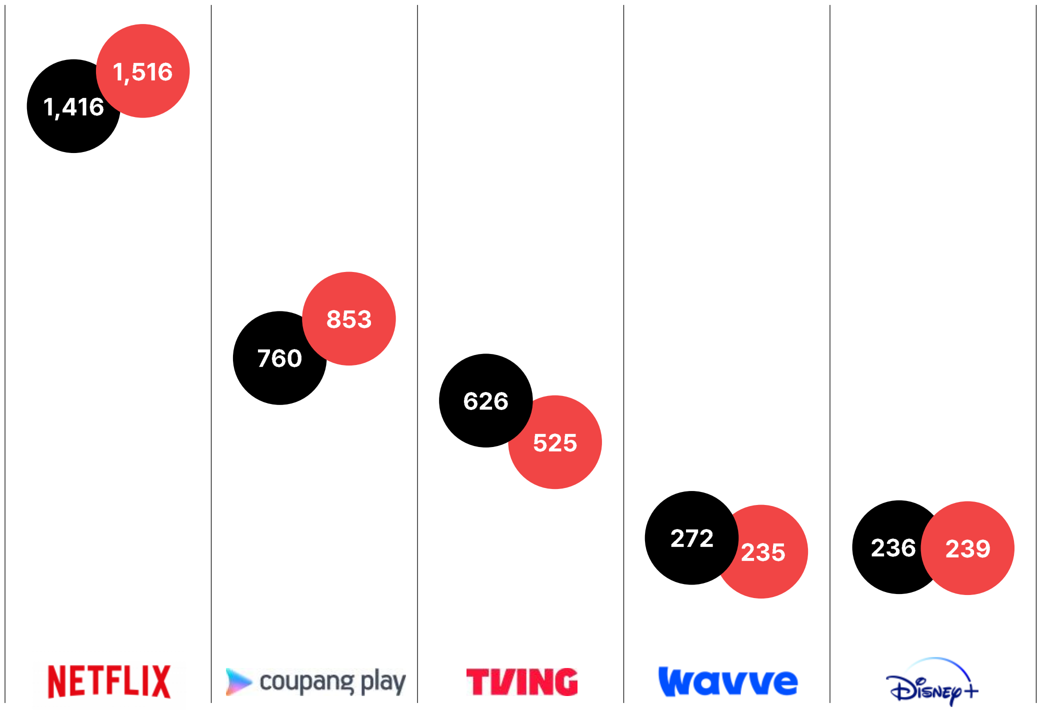
● From Jan. to Dec. 2025, Netflix and Coupang Play recorded monthly active user (MAU) gains of approximately 1 million and 930,000 respectively, while Tving and Wavve experienced declines. Despite the contraction at the latter two platforms, the overall market expanded by 580,000 users over the twelve-month period, indicating continued structural growth in the domestic streaming landscape.

● Netflix Korea reported revenue of KRW 899.6 billion in 2024, representing 9.3% year-over-year growth. With the successful adoption of its ad-supported tier launched in November 2022 and the strategic partnership with Naver's membership program, the KRW 1 trillion annual revenue milestone appears well within reach.

Monthly Active User (MAU) Change for Domestic Streaming Apps: January vs. December 2025

January December

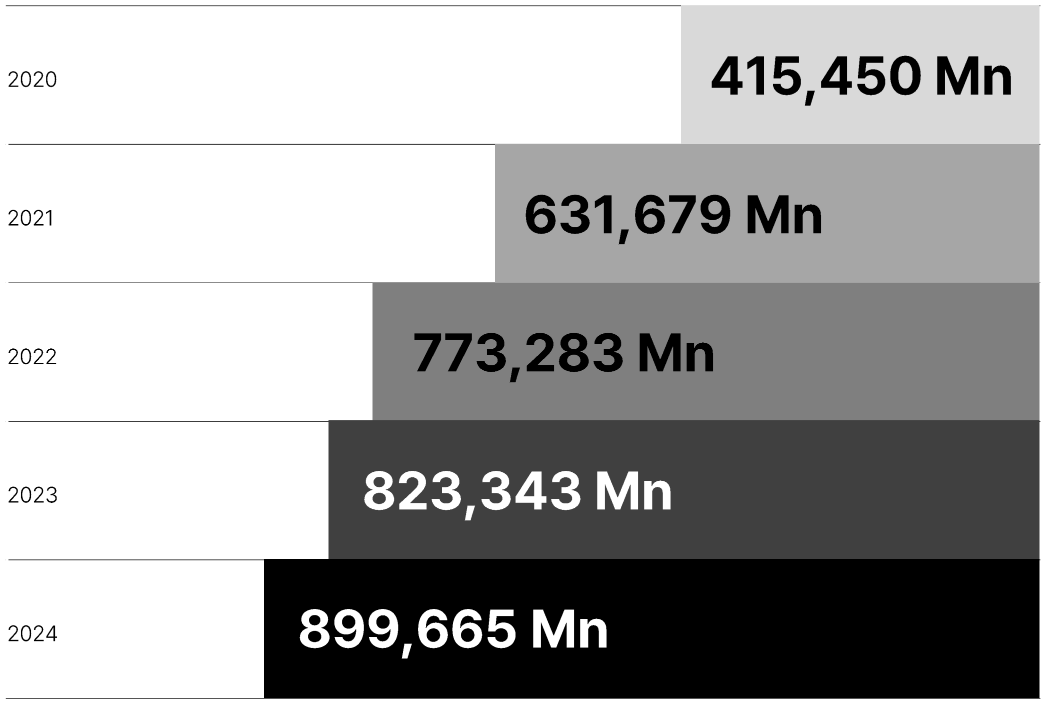
Unit Persons(10K)



Source WiseApp

Netflix Korea Annual Revenue Trends

Unit KRW



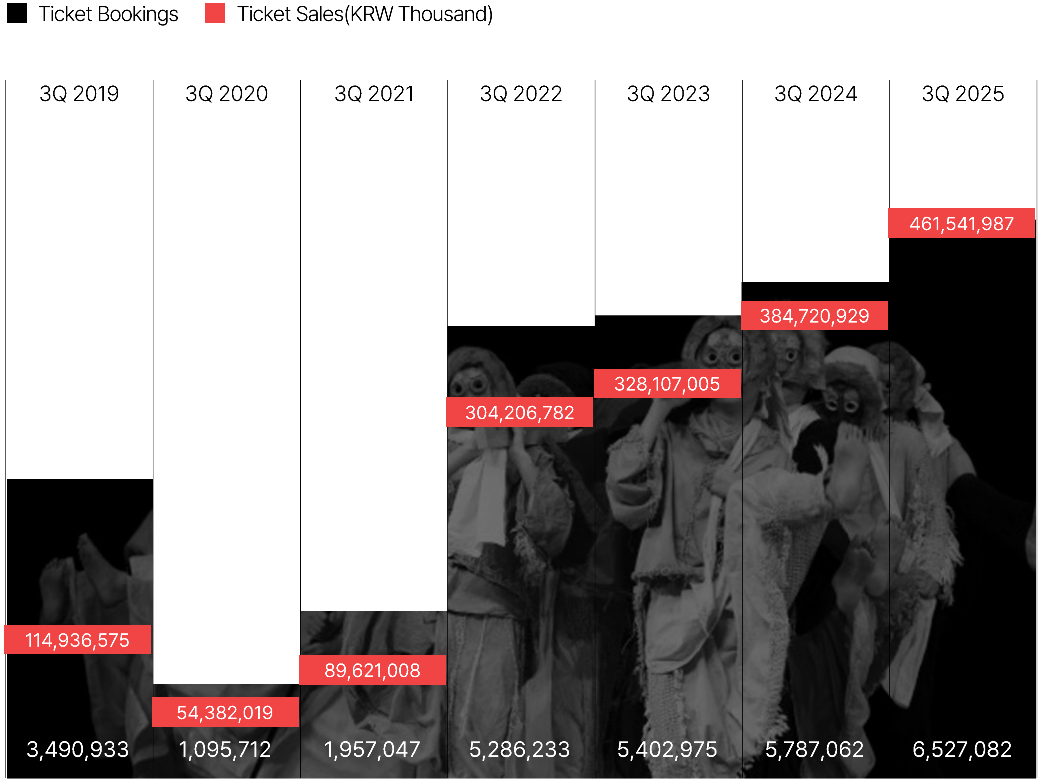
Source Netflix Services Korea

The Rise of Substitutes for Theatrical Exhibition

● As cinema ticket prices have risen to the KRW 15,000 level, heightening consumer price resistance, there is a growing trend of audiences opting for live performance genres such as theater and musicals at a marginal incremental cost.

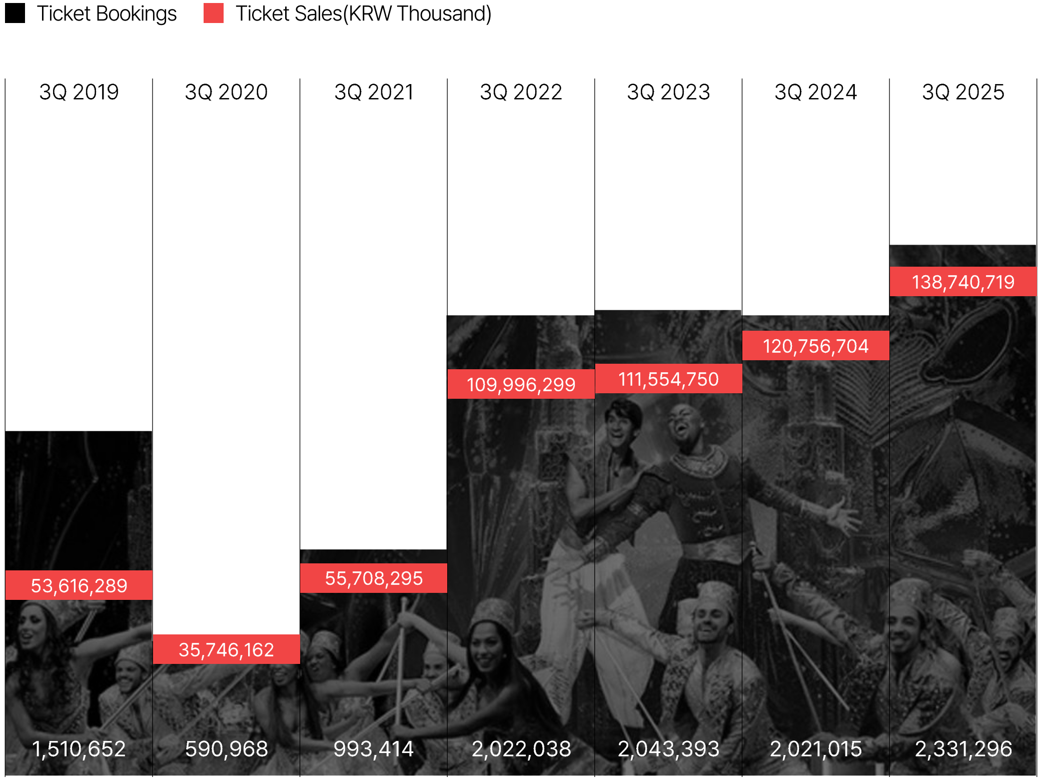
● Domestic live performance ticket bookings have roughly doubled compared to pre-pandemic levels, while ticket sales revenue has expanded approximately fourfold, underscoring a marked shift in public appetite for cultural consumption. This trend suggests a broader societal evolution toward a willingness to pay a premium for differentiated cultural experiences.

Domestic Live Performance Ticket Bookings and Sales Revenue Trends, 2019–2025 (Through Q3)



Source MCST, KOPIS / Photo Culture News

Domestic Musical Ticket Bookings and Sales Revenue Trends, 2019–2025 (Through Q3)



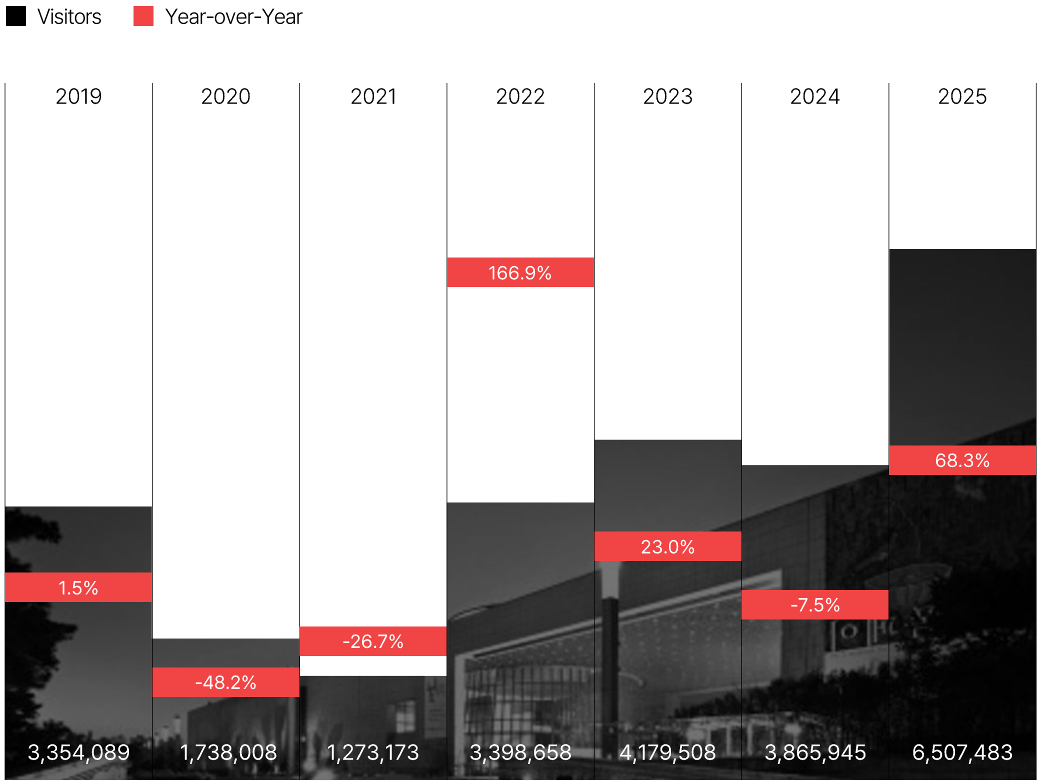
Source MCST, KOPIS / Photo Kyunghyang Shinmun

The Rise of Substitutes for Theatrical Exhibition

● The National Museum of Korea has seen a sustained increase in visitor traffic, recording 6.5 million visitors in 2025. This figure represents the highest attendance since the museum's founding in 1945, placing it among the most visited museums globally.

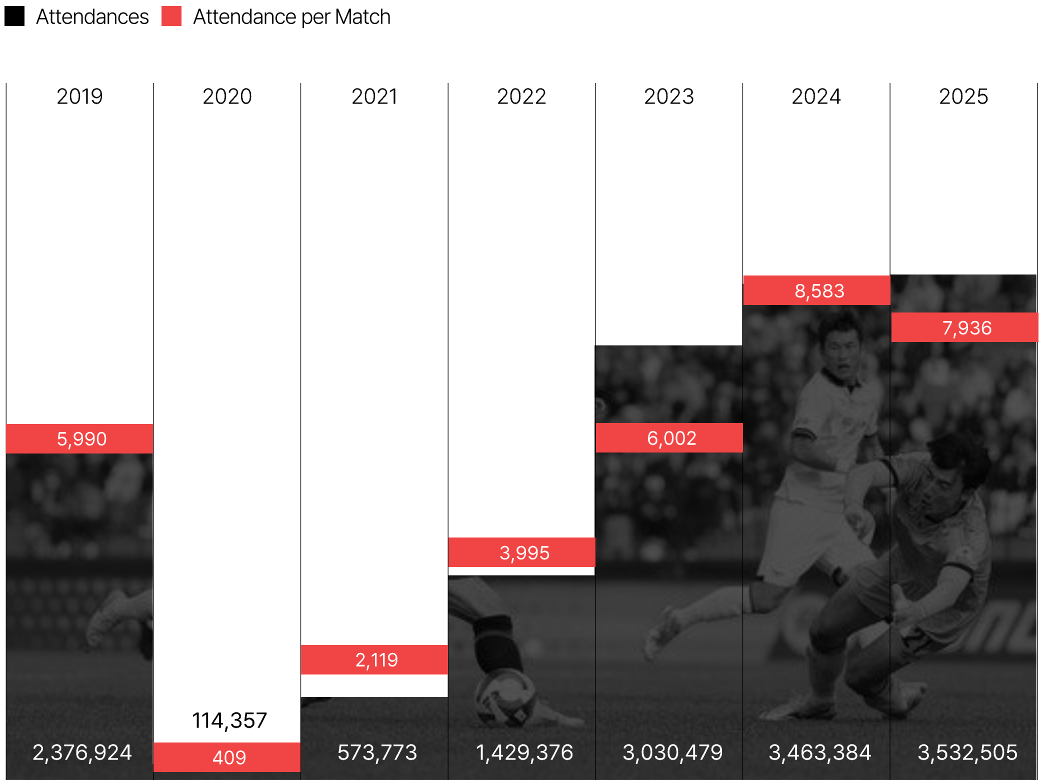
● Total attendance across K League 1 and 2 has exhibited a clear upward trajectory from 2021 through 2025, following the pandemic-driven trough in 2020. This trend points to a broader reallocation of offline leisure demand, including that previously captured by cinemas, toward live sports attendance such as football, where ticket prices are comparable to standard cinema admissions at approximately KRW 15,000.

National Museum of Korea Annual Visitor Trends



Source National Museum of Korea / Photo Asia Today

Korean Professional Football Total and Per-Match Attendance Trends by Year



Source Korea Professional Football League ※ Includes K League 1, K League 2, and Playoffs
Photo Korea Professional Football League

Strategic Outlook for Film Theaters

Growth of Premium Technology Formats

● Premium technology formats are expanding in tandem with technological advancements, driven by two primary pillars: enhanced visual and audio auditoriums designed to maximize cinematic immersion, and 4D theaters that extend the sensory experience to include tactile elements.

● As audience expectations continue to rise, demand for image quality, sound design, and the overall viewing experience has increased substantially. This structural shift in consumer preferences is steadily driving demand toward premium technology formats, establishing these offerings as a sustained growth driver rather than a cyclical trend.

● Since the opening of its first Dolby Cinema auditorium at the COEX branch in July 2020, Megabox has continued to expand its premium technology portfolio on an annual basis, launching "MEGA | LED" at COEX in April 2025 and "Dolby Vision + Atmos" at the Guui Eastpole branch in June 2025.

● The expansion of premium technology formats is already bearing fruit on Megabox's bottom line, with the revenue share attributable to these auditoriums rising from 7.3% in 2024 to 14.4% in 2025 (Jan~Nov), representing a near doubling on a year-over-year basis.

1. Premium Technology Format Supply Overview, 2025

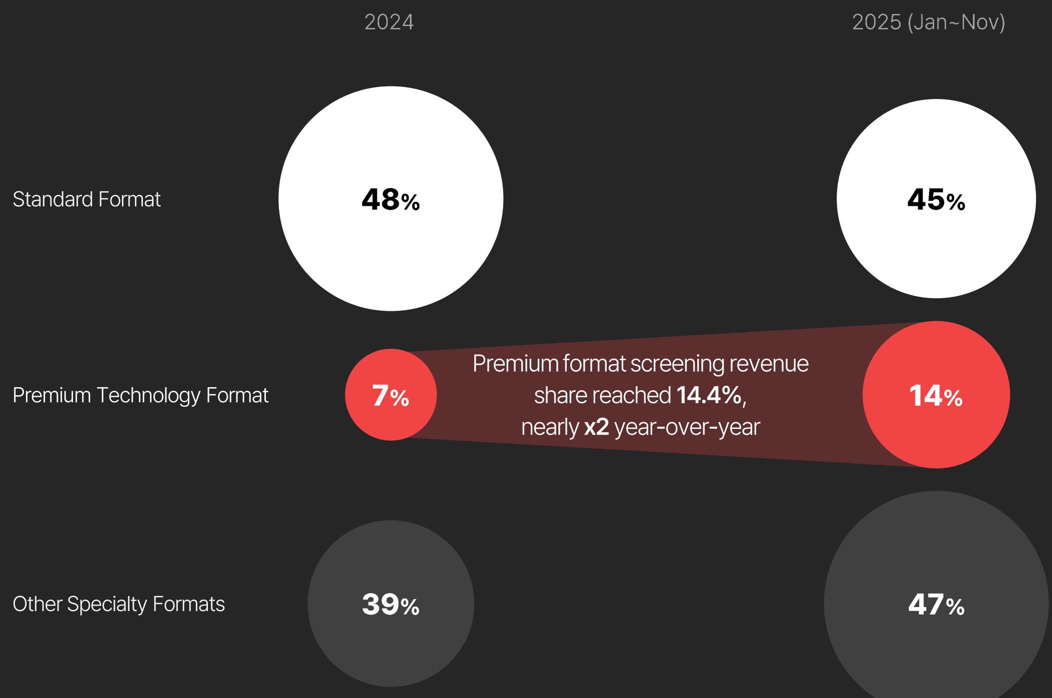
Source Korean Film Council

Unit Screens

Category	Format Name	CJ CGV	Lotte Cinema	Megabox
Visual & Sound	IMAX	26	-	-
	Gwangeum Cinema / Gwangeum LED	-	7	-
	Dolby Cinema	-	-	8
	ScreenX / SphereX	37	-	-
	Superplex	-	11	-
	Super LED / MEGA LED	-	5	4
	Dolby Atmos	9	-	11
	Headphone	2	-	-
4D	4DX	39	-	-
	Super 4D / MX4D / Super MX4D	-	10	3

2. Growth of Megabox Revenue Share by Format

Source Megabox, RSQUARE



Growth of Premium Technology Formats

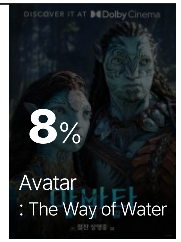
● Annual admissions for one of the premium technology formats, Dolby Cinema, have demonstrated a clear upward trajectory since 2020, growing from approximately 26,000 in 2020 to 710,000 in 2025, representing a CAGR of 93%. With continued expansion of premium format supply, these figures are expected to climb further

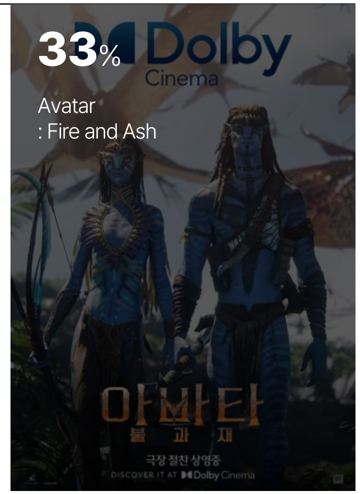
● A comparison of the Avatar franchise at the four-week mark post-release is particularly telling: the share of Dolby premium format (Dolby Cinema and Dolby Vision + Atmos) admissions surged more than fourfold, from 8.14% for the original installment to 33.38% for the sequel. This underscores that premium technology formats are no longer confined to a niche enthusiast segment, but are gaining traction with mainstream audiences at large.

Dolby Premium Format (Dolby Cinema, Dolby Vision + Atmos) Admissions Share Shift Across the Avatar Series

Source Megabox

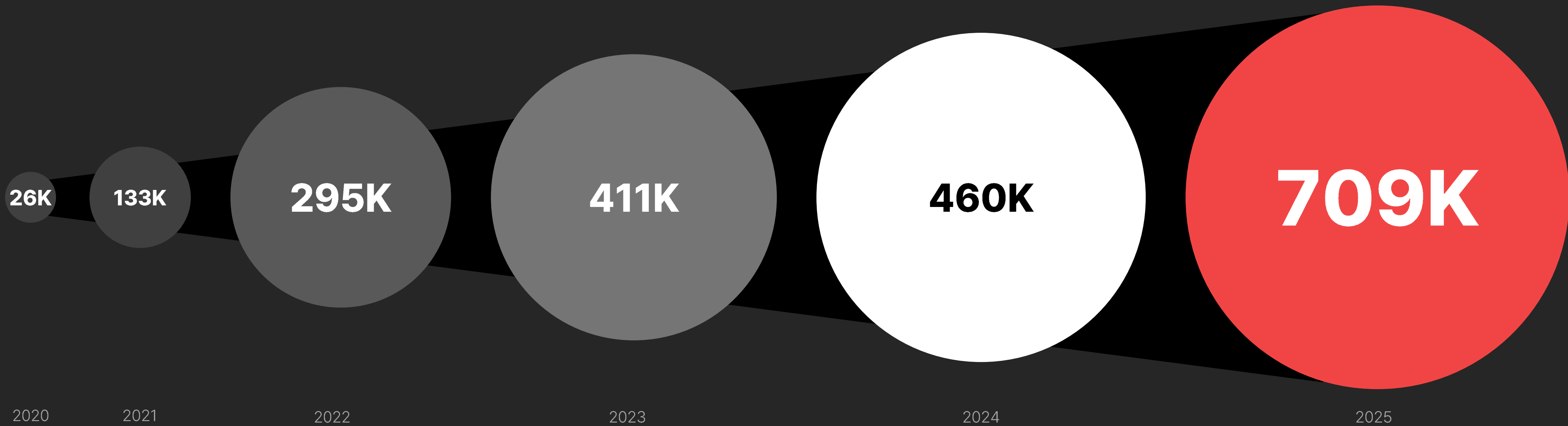
Based on four weeks post-release of Avatar: Fire and Ash, Dolby premium format admissions share increased **over 4x** compared to its predecessor, Avatar: The Way of Water





Dolby Cinema Annual Admissions

Unit Persons



Source Korean Film Council, ※ Except Dolby Cinema 3D

2025 Megabox New Premium Technology Format Features

1. MEGA | LED

● Equipped with LG Electronics' Cinema LED "LG Miraclass (4K)," featuring 4K resolution and self-emissive LED technology that delivers exceptional image clarity, contrast ratio, and color reproduction, maximizing visual immersion for audiences.

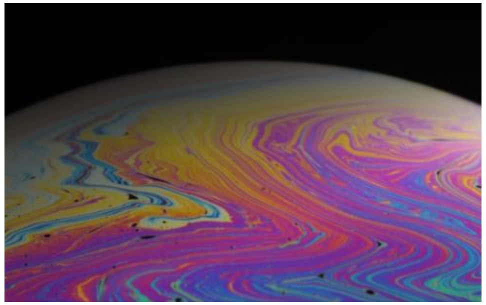
● Maintains bright and sharp image quality even with auditorium lighting on, making the venue well-suited for premieres, conferences, and other event applications.

Opening Date	Theater	Auditorium	Seats
04/05/2025	COEX	LED Hall 2	399
04/15/2025	COEX	LED Hall 3	431
04/30/2025	COEX	LED Hall 4	298
05/31/2025	Guui Eastpole	LED Hall 3	176

2. Dolby Vision + Atmos

● Dolby Vision laser projection delivers precision detail across the full brightness spectrum, from the brightest highlights to the deepest shadows, providing premium visuals with vivid color accuracy and sharp image quality that heighten visual immersion for audiences.

● Dolby Atmos technology, combined with strategically positioned speakers, creates dynamic sound movement that follows on-screen action, delivering an immersive audio environment where audiences can experience realistic, spatially accurate sound throughout the entire auditorium.



Opening Date	Theater	Auditorium	Seats
06/06/2025	Guui Eastpole	Dolby Vision + Atmos	145
07/23/2025	Mokdong	Dolby Vision + Atmos	318
08/20/2025	Cheongju Terminal	Dolby Vision + Atmos	138
11/14/2025	Goyang Starfield	Dolby Vision + Atmos	218

Source Megabox

Theater Conversion

● As the prolonged revenue slump in multiplex operations persists, operators are repurposing cinema facilities for alternative uses such as sports venues and exhibition spaces, thereby diversifying their existing revenue portfolios. This represents a strategic shift away from a film-exhibition-dependent earnings model, seeking to maximize the utilization value of the theater's unique physical infrastructure to enhance overall profitability.

Megabox
"MEGA ICEBOX" Movie Theater → Ice Rink

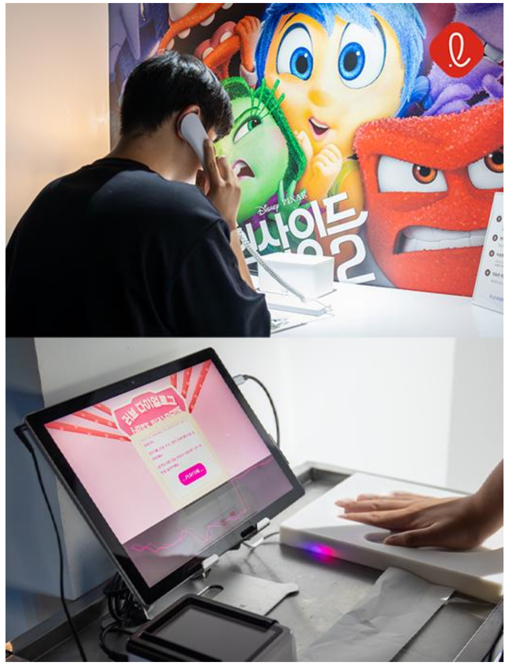
In July 2025, Megabox opened the nation's first ice rink converted from a cinema facility, repurposing "Comfort Hall 1" (approximately 400 seats) at its Kintex branch. The venue now operates figure skating and speed skating programs, hosts ice hockey activities, and offers space rental services, serving as a tangible example of revenue diversification through asset conversion.

Source Megabox

Lotte Cinema
"Random Square Gallery" Movie Theater → Exhibition Space

In 2023, Lotte Cinema converted select auditoriums at its "World Tower branch" into an immersive exhibition space, which was subsequently relocated to a site opposite the "Hapjeong branch" in June 2025. The exhibition format leverages the visual and auditory capabilities inherent to cinema infrastructure, extending the sensory experience beyond sight and sound to engage all five senses.

The space was utilized for the marketing campaign of "Inside Out 2", generating a positive audience response. Going forward, this model holds significant potential as a film marketing vehicle, and in a cultural climate where consumer appetite for immersive and experiential exhibitions continues to rise, it could serve as a meaningful value driver for theatrical operators.



Source Lotte Cinema

Diversification of Theater Use Cases

● Theaters are no longer confined to film exhibition alone, but are increasingly being utilized as multi-purpose venues hosting lectures, concerts, group networking events, and other functions within their existing facilities.

Lotte Cinema
"Group Speed Dating"

Lotte Cinema has partnered with premium matchmaking service "Noblesse Soohyun" to operate a group dating program within its theater facilities, effectively extending the cinema space beyond passive film viewing into an experiential social content platform.

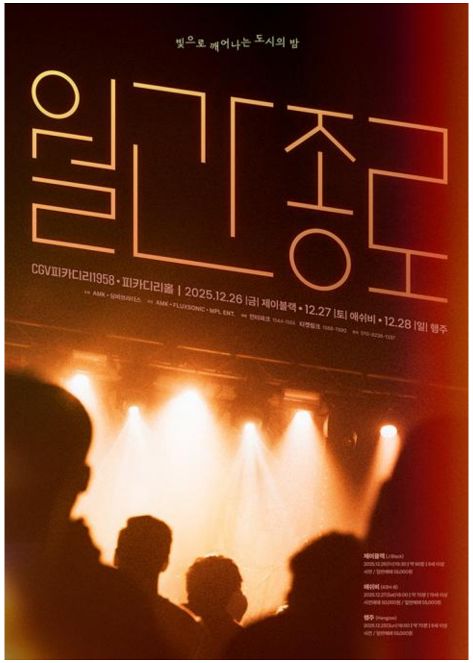
CGV
"Live Concert" and "Live Concert Screening"

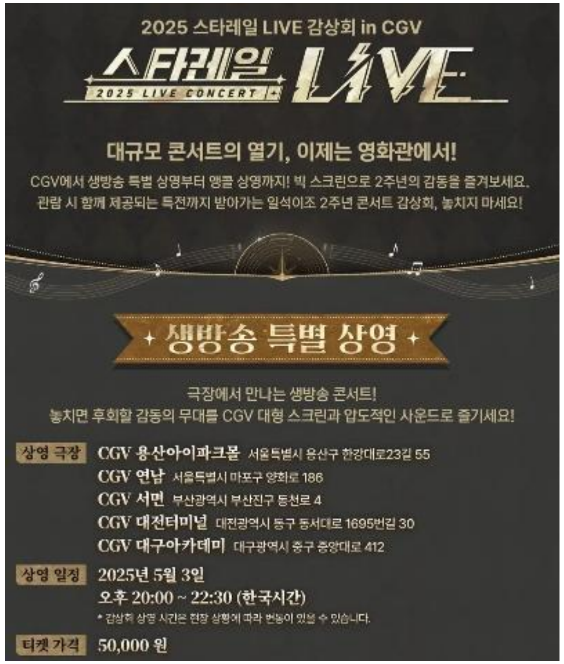
CGV is leveraging its large-screen infrastructure and premium sound systems to host live concerts and screen recorded performances, breaking away from the conventional perception of theaters as exclusively film-viewing destinations.

Notably, the CGV Piccadilly 1958 branch runs a recurring program titled "Monthly Jongno," featuring intimate live performances by artists on a monthly basis. Despite a relatively elevated price point of approximately KRW 50,000, the program has consistently generated strong demand, with multiple editions selling out entirely.

Source Lotte Cinema

Source CGV





Conclusion

Conclusion

1. Merger of Megabox and Lotte Cinema

The merger of the nation's second and third-largest multiplex operators has been progressing since the signing of a business integration MOU in May 2025, and remains ongoing as of February 2026.

Lotte Cultureworks (Lotte Cinema) and Megabox Jungang (Megabox) are working toward the formation of a single merged entity, with Lotte Group and Jungang Group each planning to contribute KRW 100 billion in capital.

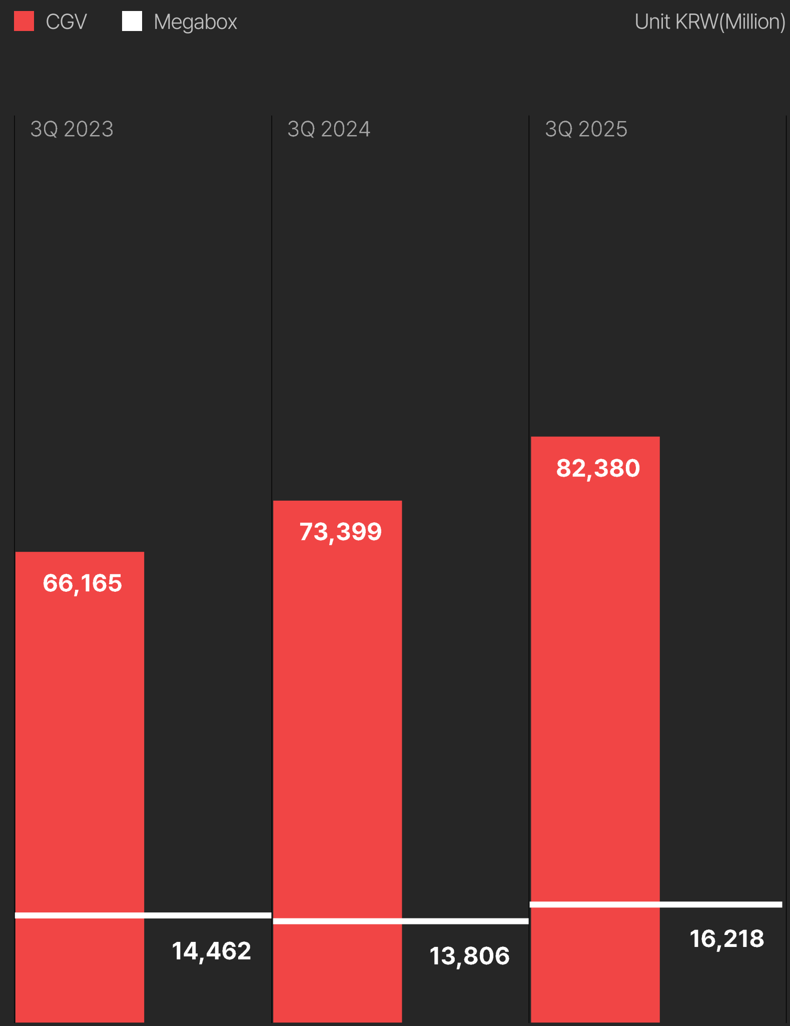
The process has been further catalyzed by private equity firm IMM CS, which is planning an investment of approximately KRW 400 billion, potentially accelerating the pace of the merger.

Should the combination of these two multiplex giants be consummated, the resulting entity is expected to surpass CGV, the current leader by theater count, creating a dominant new force in the domestic multiplex landscape.

2. CGV and Megabox Concession Revenue Trends

Concession revenue at both CGV and Megabox continues to grow.

With diminishing ticket pricing power, operators are leveraging concession sales as a key lever to drive higher per-capita spend. To this end, each brand is offering exclusive menu items unique to its chain, alongside a diverse range of merchandise tied to current film releases.



Conclusion

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The proposed merger of Megabox and Lotte Cinema serves as an instructive case study of the prevailing dynamics in the domestic theater market. With limited prospects for margin improvement absent greater economies of scale, the two operators appear to be pursuing consolidation as a means to restore competitiveness in both theatrical exhibition and broader film operations, while also establishing a platform for new business expansion.

Meanwhile, concession revenue is rising across the board, not only at CGV and Lotte Cinema but also at Megabox, with average concession spend per patron (CPP) trending upward at all three chains. This reflects a broader strategic pivot: as ticket revenue growth faces structural limitations, operators are increasingly turning to concession sales as an alternative margin driver.

Taken together, the theater business faces clear constraints on profitability improvement without fundamental change, prompting operators to pursue a range of initiatives including consolidation and concession revenue enhancement.

Looking ahead, as barriers to entry for streaming services continue to lower and technological advancements enable high-quality viewing experiences anytime and anywhere, it will be increasingly critical for theatrical operators to continuously identify and articulate compelling reasons for consumers to choose the cinema, reinforcing the unique value proposition of the in-theater experience.

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