

# Why is popcorn so expensive at the cinema?

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# Background

- Change to types of film published
- World crises
- Abundance of corn products
- What attracts people to eat corn; Cheap, Taste & Mobility



# Literature review

- Monopoly power: Major & SF
- Two-part price
- High costs
- Find the source to cover the costs: POPCORN!!!
- Discover sums from customers



# Theoretical Framework

## Game Theory:

- Maximize payoffs
- Nash Equilibrium
- Cinema leads the decision
- Moviegoer determines later

# Theoretical Framework

## Price Discrimination:

- Personal preferences
- Social Welfare

# Methodology

## Primary Data

- Questionnaire
- Demographics
- Decisions
- Interview

## Secondary Data

- Statistics
- Major

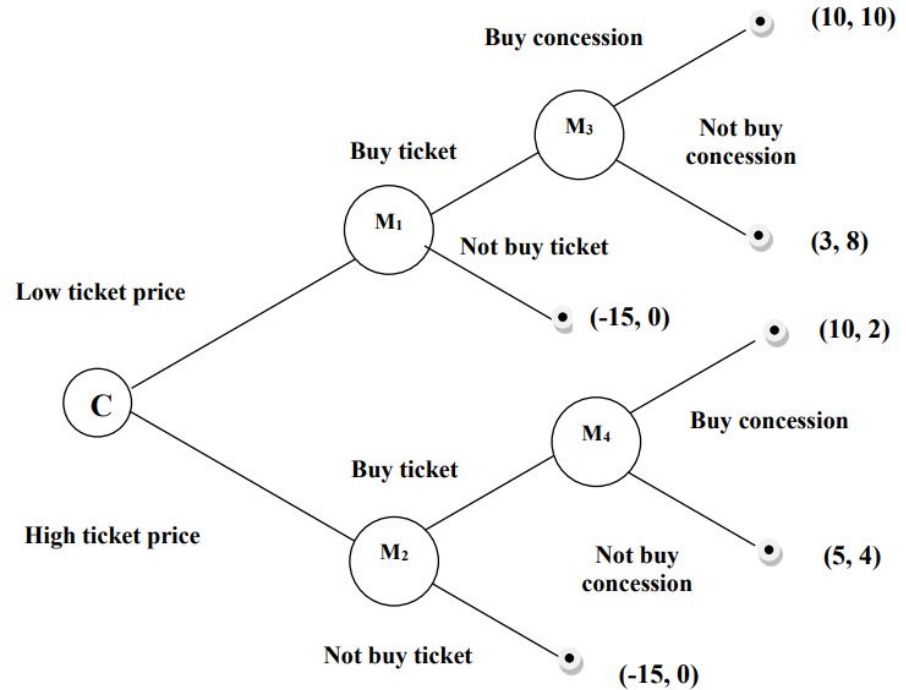
# Results: Survey

- Normally purchases popcorn despite the price
- Habit

Opinion towards ticket price		
Reasonable	272	54.2%
Too expensive	228	45.4%
Too cheap	2	0.4%
Decision of buying popcorn at a cinema		
Buy	292	58.2%
Not buy	210	41.8%
Reason of buying concessions		
I love to eat popcorn and drinks while watching a movie.	206	70.8%
I like popcorn which made by a cinema since it has better taste.	85	29.2%
I want to have a bite to eat.	66	22.7%
Others	24	8.2%
Opinion towards concession price		
Reasonable	30	7.7%
Too expensive	463	92.3%
Too cheap	0	0%
Customer's preferable pricing strategy		
High ticket price and low concession price	147	29.3%

# Results: Game Theory

- Price; Low or High
- Ticket: Buy or Not buy
- Concession: Buy or Not buy



C and M will represent a cinema and a moviegoer, respectively.

# Results: Game Theory

Moviegoer's perspective

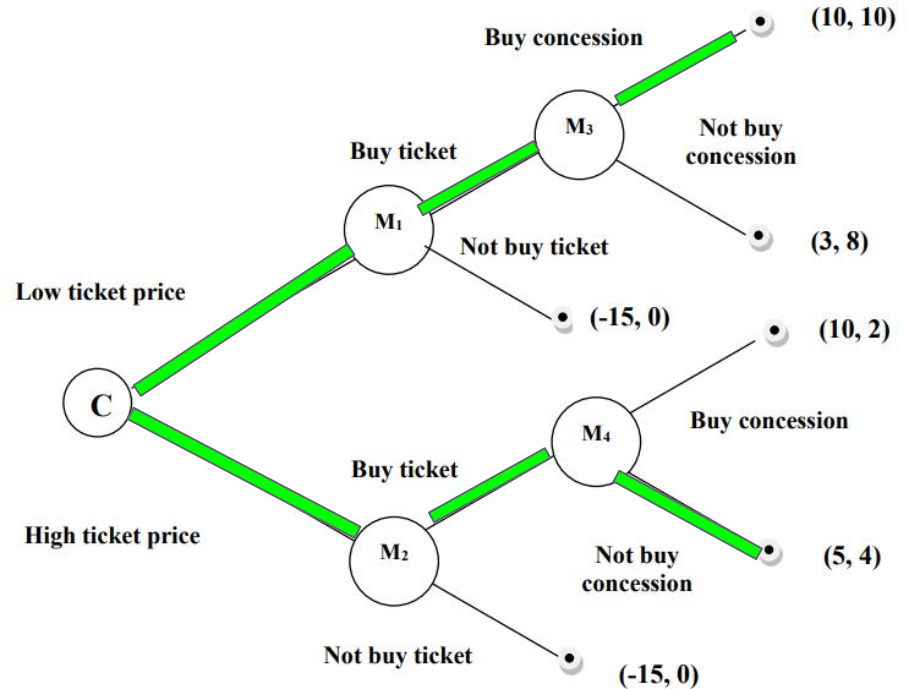
: Low price  $\longrightarrow$  Buy concession (10)

; High price  $\longrightarrow$  Not buy concession (4)

Cinema's perspective

: Low price  $\longrightarrow$  Buy concession (10)

: High price  $\longrightarrow$  Not buy concession (5)



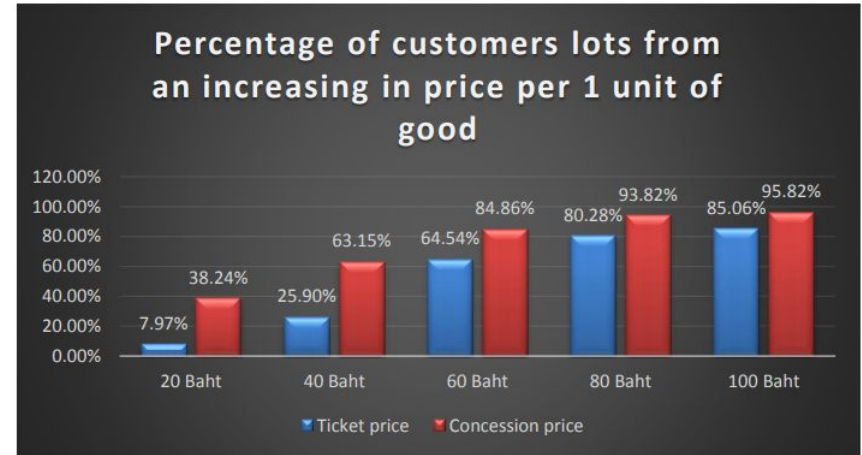
C and M will represent a cinema and a moviegoer, respectively.

# Customer sensitivity

Concession > Ticket

Consider increase in popcorn price.

Figure 4 A graphs showing a percentage of customer lost from an increasing in price per 1 unit of good



# What can also be in consideration?

- Popcorn quality
- Armrest size
- Armrest quality
- Sample size

**Thank you**

