

# ATOMIC!

by Chris Eggertsen

## ATOM TICKETS BEGINS A NEW PHASE IN ITS YOUNG HISTORY

>> In an online movie ticketing marketplace dominated by such entrenched players as Fandango and MovieTickets.com, Atom Tickets—which hopes to increase movie attendance with its app by making it easier for patrons, particularly younger patrons, to schedule outings to the local theater—is effectively the new kid on the block. Yet it's a newcomer with the backing of several major players. In 2016, three Hollywood studios—Disney, 20th Century Fox, and Lionsgate—invested \$50 million in the company. And it counts heavyweight directors Steven Spielberg, J.J. Abrams, and Tyler Perry as members of its advisory board.

To lure young moviegoers to the app, Atom offers several key features that cater to a demographic deeply dependent on its smartphones and social media. In addition to pre-ordering tickets and concessions, it allows users to rally friends via an in-app invitation/chat system, split the cost at the time of purchase (so no poor college students have to front the cost for their entire group), and skip lines by scanning special QR codes from their smartphones at Atom-branded kiosks.

Now that the service has expanded following a test run in several cities (it now supports 19,000 screens at over 1,600 theaters across the U.S. and Canada), BOXOFFICE got on the phone with co-founder/CEO Ameesh Paleja and co-founder/chairman Matthew Bakal to discuss the inspiration behind the company, their partnerships with industry heavy hitters, and how they're hoping to spread awareness of the Atom Tickets brand.



**There has been a lot written recently about dwindling movie ticket sales. When you were conceptualizing this idea, was that top of mind?**

**Bakal:** I think it's important to set context, which is to say, [we're] coming off of two huge growth years [at the box office]. What will happen this year is still undetermined, with a big fourth quarter to come.

For us I think the key was could we build a product that appeals to an incremental audience?

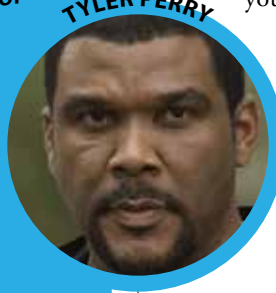
An audience who perhaps isn't going as frequently as their parents did, which is to say, millennials and Gen Zs?



J.J. ABRAMS

**With so many options for people to stream movies at home—and with those options growing all the time—what makes you think there's even a way to lure people back to theaters?**

**Paleja:** I actually helped build Prime Instant Video. And what I will tell you is that there is a time and place to watch content at home, but people want to go out at night. And one of the best, most egalitarian forms of entertainment that's available in the United States is movies. And that's what we kind of looked at and said, "This is not going anywhere. People want to get out of their house from time to time."



TYLER PERRY

**J.J. Abrams, Tyler Perry, and Steven Spielberg are on the advisory board for the company. What's their function and how active are they in what you're doing?**

**Bakal:** They're very active. They provide some feedback on the product initiatives and marketing ideas.

So sometimes when they go to movie theaters and look around and see good ideas, they'll shoot us a text and say, "Hey guys, have you thought about X, Y, or Z?" I think that they obviously want people to experience movies in the best way possible, which is on the big screen in a movie theater.

**You also have three studios that invested \$50 million in your company—Disney, Fox, and Lionsgate. How did that come about?**

**Paleja:** They fell in love with the core principle of the company, which is butts in seats. How do you get more people to go to the movies? And there were two facets of how we're gonna do that. One was really about focusing on convenience. So

from the time you think about going to the movies to the time you actually sit down and the lights go down, that process today, or before Atom was around, was I think very challenging. It was hard to get your group of friends together; it was hard to organize people to pick the place, the show, the time.

And then, worst of all, once you got to the finish line, some poor goat has to go and buy everybody's tickets. Which is really, honestly, very painful for most young people. So we focused on a younger group of individuals and said, "What would make this easier for them to go?"

**Bakal:** An analogy would be, getting somewhere in a taxi used to be pretty easy. But Uber and Lyft, they're just so much more convenient, right? And people use them in a different way, just because the convenience is there; you never need to pull out your wallet, everything's on your phone. So we sort of said, "Can we do that for the movie business, the movie theaters?"

**How are you getting the word out about the app to the consumer?**

**Paleja:** Up until today, we've been focused on traditional digital marketing. So think Facebook ads, Instagram ads, Google ads, Spotify, etc. But I think what you'll see coming from us over the course of the next 12 to 18 months is some serious top-of-the-funnel marketing and brand advertising. We're gonna be focused on building out our brand and building out awareness.

**If Atom's model proves to be successful, do you think other digital ticketing providers will follow suit?**

**Paleja:** It's flattering that some have already started moving down that path. The thing that I would say we're especially good at is that at our core we're a technology company that knows how to use our data really, really sharply. We have some of the best industry talent in the world focused on this problem for us.

**Bakal:** I think it's our job to keep innovating with these great people. Is there one feature that someone might copy? Sure. But can they copy the whole platform? As we keep innovating, it's very difficult.

**Paleja:** I'll give you a corollary. Yahoo's been out there for a long time and they have a search engine, but



AMEESH PALEJA

Google's there and they're just better and they know how to stay better.

**Bakal:** Obviously, we know competitors are looking at some of the stuff we're doing. But we think that digital ticketing is just at the beginning. About 20 percent of tickets were bought last year digitally, which is to say 80 percent of people lined up at a box office and made a physical purchase.

And if you look at other movie markets around the world—you know, in China, 80 percent of tickets are bought digitally; sports tickets, 80 percent were bought digitally. So we think that there's a ton of room for digital ticketing to grow, 'cause that's especially where younger people are gonna be buying more things on their phones.

**You have these Atom pickup areas in theaters for preordered concessions. This is, of course, anecdotal, but I've heard the complaint relatively frequently that there's often not a theater employee manning those stations. Is that something you've heard from customers, and is that something you're planning to address going forward?**

**Paleja:** Absolutely, we've definitely heard it from customers. But I would say more people are getting the fast, expected service that we built the experience for. What I would tell you is that it's a new feature. It's changing the way people operate, and we're taking the time to work with the exhibition operations teams, as well as the local theater managers, to help train their staff and get them used to a different way of doing things, a different way to serve customers. So there's going to be a little bit of growing pains, but I would say it's all in the name of innovation.

**I know this is probably a hard question for you guys, but what's something you think you can do better?**

**Bakal:** I think our awareness. We're going to be focusing on growing an awareness in marketing. I think we've relied a lot on word of mouth and some digital marketing with our partners so far. I think that's something we need to turn up the volume on.

**Paleja:** Awareness is our biggest problem. If you go and ask a bunch of people off the street, how many people have heard of Atom, I think in certain markets it's pretty high, but I think we have a long row to hoe. ■



MATTHEW BAKAL