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Signature Assignment

The company selected in the stock market is AMC Theaters. This entertainment incorporation offers movie theaters and newly released films along with refreshments such as food and drinks as its main service. This implies that the demand for AMC's service is directly correlated to the demand for new movies being produced and released. The company also offers certain subscription services and perks to its customers which bring in a predictable revenue either every month, every week, or every year. Otherwise, AMC relies on ticket purchases and dining by its customers for revenue.

AMC Theaters spreads its service across multiple continents although it is headquartered in Leawood, KS. Its market strategy is to open new theaters across different locations where optimally there would be less competition from other establishments. The company aims to advertise its new movie offerings both online and physically on the street through banners, billboards, posters and such. Its main service then consists of attracting

customers to purchase their tickets and various refreshments being offered. The more successful a newly released film is, the more business AMC Theaters will receive.

The stock price of AMC theaters has been quite varied and relatively lower on average than it has been in the past. Strangely enough, the price has stayed very similar at around \$6 per share both at the beginning of the year or of the term and currently. However, the price during these months rose and shrunk by a few dollars at random times, likely directly caused by individual sales of the various AMC Theaters location. For instance, the highest price recorded was \$8.53, while the lowest price recorded was \$3.88 with a max price difference of \$4.65. These are the prices of an individual AMC share at different periods of the year, so these radical changes in value are due to the output each of the AMC locations is generating collectively at a given time.

Although the stock market value of AMC Theaters is not always stable, throughout the current year there haven't been major losses or gains experienced by the company. This is because the price per share has remained very similar from beginning to end even though there were some variations within that time. In the long run, the AMC stock market value has decreased due to a decrease in share price over time. For instance, a couple of years ago towards the beginning of the decade the price per share reached as high as \$30 per share, but in recent months the price per share has fluctuated under \$10. Conclusively, financial gains from investment into the AMC firm are unpredictable, therefore classified as a risky undertaking; people fundamentally cannot accurately predict the success of movies that have not yet been made.

AMC theaters finds itself in the entertainment market, specifically the movie theater industry. In this type of market, customers typically buy based on pleasure rather than necessity like a grocery store or gas station. Therefore, AMC's operations rely on the success and enjoyability of newly released movies that it airs. Besides this, AMC opts to offer the most enjoyable refreshments as a supplement to its ticket sales. This market has a few possible channels of revenue which AMC Theaters can take advantage of.

The AMC incorporation is positioned in a fairly competitive market which can be seen as monopolistic competition. This is because, although there are not numerous movie theater companies like itself, each of the AMC locations around the world holds a miniature monopoly over its geographic surroundings and vicinity because rational consumers would tend to naturally flock to the closest movie theater to go watch a new movie instead of travelling extra distance. Furthermore, this competitive market predisposition is the reason AMC Theaters tend to open new locations in areas where there are not major movie theaters nearby in order to avoid monopolistic conflict. Monopolistic competition enables all AMC establishments across the globe to have the most realistically possible equilibrium and maximum profit.

As stated previously, AMC Theaters does not have many direct competitors in the form of rival movie theater companies. However, one of their major rivals and direct competitors is Regal Cinema, which has a very similar layout of operations. As a matter of fact, Regal's value per share in the stock market hovers around \$25, which is similar to AMC's peak financial period but significantly greater than AMC's current value per share of about \$6. Therefore, it can be concluded that Regal Cinemas had more success than its archrival AMC Theaters in their common entertainment market. Another significant but not as large direct competitor to AMC

Theaters is Cinemark. It is a smaller movie theater company with fewer establishments and lower overall revenue. However, Cinemark has had success in making great strides by advancing in its market. This is not an imminent but an arising threat to AMC Theaters. Their additional presence would also interfere with and potentially hinder the monopolistic competition of the market. Nevertheless, direct competition is not one of the main causes of AMC Theaters' decrease in market value and standing over the last few years.

With the initial investment of \$200,000 at the beginning of 2023, AMC produced a minor loss. The difference in share value fluctuated even more over the last months but somewhat reset itself close to the starting value. Therefore, a major loss was avoided, and the company is not at risk of bankruptcy, failure, or shutting down. AMC Theaters has the potential in the stock market to rise again to its previous value per share between \$20 and \$30 almost directly equating the current value per share of their main rivals Regal Cinemas. The short-term stock seems to be steadily going down, but past curves have proven that abrupt changes in value are possible.

A principal obstacle to AMC Theater's stock market growth was consumer demand. This is because demand to go watch newly released movies is not always controllable by the incorporation itself. Its market success is correlated to the success of various film writers, directors, and producers. AMC had no other option but to fight the unpredictable consumer demand with various market strategies which would benefit the company by maximizing profits. Another challenge impacting AMC Theaters' growth in the stock market also related to consumer demand is AMC's PPF. The company's ability to produce and provide their customers with their service must keep up with the radical demand, which again is not always in their

control, in order to stay afloat. AMC has successfully found different channels of revenue, but its supply is sometimes limited and not up to par with high demand. This is the main reason AMC Theaters does not solely rely on movie ticket sales for revenue but has found other means such as refreshments and online subscriptions. The \$200,000 stock market investment into the AMC company cannot be defined as an initial success, but it has long-term potential to be fruitful because of the firm's unpredictable market performance.

References:

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