

The Basics - What do I need to know to operate a drive-in theater?

This document contains basic information you should consider to purchase, re-open or build a drive-in theater. Are you an entrepreneur willing to work hard to make their business successful? Therefore, it is in your best interest to be aware of the realities of the business before you undergo such a project. This is NOT a get-rich scheme! There is a lot of hard work and business risk involved. Most drive-in owners have another job in addition to owning/operating a drive-in theater!

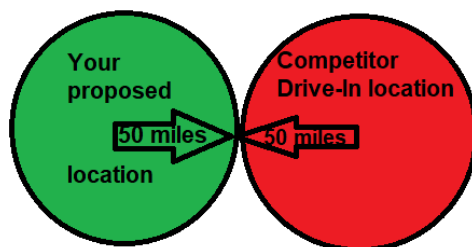
Drive-ins tend to become known not only for their appearance, value, and good food, but also for their owner. The theater takes on the owner's personality. It is a hard business demanding long hours – giving up your weekends & summers – but, it also can be rewarding for the friendships you will make & the smiles you will bring to your customers faces. The drive-in industry is like a big family.

If you think you want to become a drive-in owner, but don't know where to begin, a recommended "first" step would be to visit one of our many UDITOA members for a weekend. You may be invited to work in the various jobs so you can experience the business first-hand.

Here are some things for you to consider when building/re-opening a drive-in:

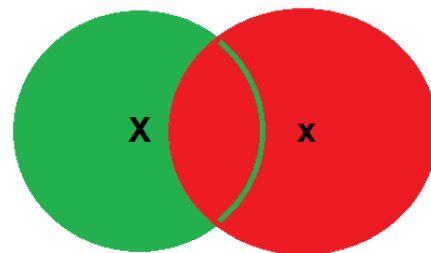
1. Location: There are many options for Americans to spend their entertainment dollars. **Select a location without an existing drive-in for at least 100 miles in every direction.** Indoor theaters may also be considered competition; find a location with a small number of existing indoor screens within a 20-mile radius.

**We will not license any
Drive-In within 100 miles
of an existing Drive-In!**



YES!

This location scenario (closer than 100 miles to a competitor Drive-In) would be financial suicide for your business.



NO!

Research to ensure the site you select has an adequate population base from which to draw – preferably more than 500,000 people within a 40-mile radius. The demographics for your target market is generally a mix of teenagers, young families and senior citizens.

In the United States, most drive-ins are open from April-October when it is the warmest. Because they make money only during a few months time, owners will sometimes establish other businesses on the property- such as a year-round restaurant, flea

markets/swap meets or other entertainment facilities. This will help you make as much money as possible with the property you select for this “part-time” business.

2. **Business Plan:** If you need to borrow money from a financial institution, they will require a business plan. There are many books available at the public library to assist you in writing a business plan. Your business plan should clearly document your business concept, market, financial expectations (including revenue, expenses, taxes, cash flow, etc.), resources available and needed, experience of the principals of the project, etc.
3. Your biggest expenses will be land, screen(s) and concession/restroom facilities.

Land: Land is typically the most expensive part of a drive-in business.

Considerations should be given to the following: adjacent ambient light, location, size, zoning requirements, drainage, topography, access to utilities/sewer, etc.

- You will need approximately 10 acres for a 500 car drive-in. Work with a local engineer or architect to get the best use of the land you have.
- You will want to consider building your drive-in with at least 2 screens because you will be able to attract more customers by having multiple pictures and showing first-run movies. The screens do not need to be the same size. In fact, we recommend one screen be the primary screen with the second screen being smaller with less parking.
- If you are building on land that was never previously a drive-in, you may need to build ramps in your field. The excavation work required to build the necessary ramps can be quite expensive. In fact, many people feel that building new ramps can be cost prohibitive. However, we have seen drive-ins build ramps when they add additional screens & are aware of some brand new drive-ins that have installed ramps. Depending upon the lay of the property, ramps may not be necessary, but they generally are needed in order to ensure adequate sight lines to the screen.
- Select a location with minimal ambient light shining into the property from other properties. If there is too much light in the area, you will need to construct high fences, grow tall trees quickly, or develop a cordial relationship with your neighbors to ask them to turn off their lights.
- **Zoning:** You need to be concerned about the zoning of the land & any special laws in your area that may present a challenge when setting up a drive-in theater. Find out what your local laws are concerning signage, handicap access, and any other local issues. Zoning approvals must be 100% completed BEFORE you begin spending even one dime on land and equipment.

Make sure the drive-in will be welcome in the community. Some trying to build or reopen drive-ins have been faced with community opposition. Many people, having not attended a drive-in in many years (if ever), rely on the Hollywood stereo-type that they are noisy, rowdy places that are passion pits. As you probably know, the reality is most drive-ins are family oriented, safe entertainment venues. It just may require some convincing regarding that fact on your part.

Many also think drive-ins create traffic problems. Make sure that you will have adequate space to get many cars off the highway so that there won't be a back up. Some zoning boards require a holding driveway which can hold 1/3 of the theater's capacity in the driveway. A visit from the police, or even worse, an accident caused by backed up traffic is the last thing you need while trying to operate your theater.

- Screen: A screen may be purchased in used condition from a closed drive-in or newly constructed by a professional screen company. You can even build your own screen!

The screen tower is a specialized structure & will require specialized design & construction assistance. For instance, many jurisdictions require that screens meet a certain standard in terms of wind resistance. Issues like this would best be addressed by a professional screen company such as Selby Products in Ohio or an engineer with experience in building/designing drive-in screens. Your state may require engineer drawings approved by your state building inspector.

- Concession/Restroom facilities: Build a friendly relationship with your local Health Department representative. Your Health Department can teach you what is required in your area regarding concession facilities (both building and equipment). In many areas, a concession trailer/truck can be a cost-effective way to meet all Health Department requirements.

Research all local Health Department regulations regarding the number of toilets and sinks are in relation to the theater capacity.

4. Projection Equipment: Projection technology has moved away from 35mm to digital projection equipment. The newest technology uses lasers as the light source! UDITOA has qualified Corporate Members who are experts in projection and sound equipment. You do NOT need any prior experience with digital projection to open a drive-in theatre. Hire an equipment supplier who will train and support your organization.

Used digital projectors may also be available. This inventory is ever-changing at any point in time; please discuss used equipment with UDITOA Corporate members.

Keep in mind a drive-in generally requires longer throw to the very large screen and moonlight & other ambient light may interfere with the image. You must have good sound & a bright picture. Without these, you will have fewer patrons. You cannot skimp on these factors. We will guide you in these technical decisions to give you the best chance of success!

Stereo radio sound at your theater is a requirement. Even drive-ins with hard-wired in-car speakers usually utilize radio sound as well. A low-power FM stereo transmitter can deliver the film's soundtrack to patrons' cars in a very dynamic manner. Especially considering the excellent quality sound systems many people have in their cars these days.

Quotes for equipment should be obtained from a qualified distributor and include installation, training and warranty.

5. Film Booking: Booking of films is best left to professional film bookers, at least when you first enter the business. You will have your hands full doing many other things. It is a

tedious task & can often be frustrating. UDITOA has a number of qualified film bookers in our Corporate Membership. Film bookers charge for their service.

Film rentals are usually on a percentage of your box office take, so don't expect to make a lot from your ticket price. If you have a lot of indoor competition, they may get the picture before you. This is where having a STRONG film booker is important.

It may be better financially not to get a film "on the break" but to wait two or more weeks in order to get the percentage down. All of these factors will depend on your particular situation. In general, patrons demand new product. Unless you are in a unique situation, showing old or classic movies will not make a lot of money. Most patrons will not come to see a movie that is available on video.

6. Concession Business: Because you may not always make a lot of money at the box office, you should concentrate on your snack bar/ concession business. This is where the money is to be made! In fact, some drive-in owners will tell you that they are actually restaurant owners who play movies!

It is wise to play up your snack bar in your advertising, in your telephone recording that patrons phone to find out what's playing, in your handouts at the box office, etc. Make it attractive, make it unique. Find some food items that you will be known for. . . things that they can't find at the supermarket or local fast-food places that many customers stop at on their way to your drive-in. Give them a reason to eat at your drive-in! Open early so people can eat supper there. Keep stock of your inventory costs. Find the foods that are popular that will yield a higher profit for you. (Popcorn & soft drinks are the 2 top profit producers.)

7. Marketing: Plan to market your theater using the following mediums:
 - A. Website
 - B. Email marketing
 - C. Social Media
 - D. Radio/Television

Action items to proceed past step #1:

1. Find the population within 50 miles of your proposed location. How?
 - a. Make a list of all the cities within 50 mile radius of your proposed location.
 - b. Use Google to search the population of each city.
 - c. Add up the total population.
 - d. Email your UDITOA contact and provide this population total.
2. Identify all drive-in theaters within your state and surrounding states.
 - a. How far away from your proposed location are these drive-ins?
 - b. Email your UDITOA contact and provide this drive-in location information.

Resources/Links:

- Subscribe to the cinema trade magazines. **[https://Boxoffice magazine](https://Boxoffice.com)** & Film Journal International **<http://www.filmjournal.com/>** both have websites for you to learn about subscribing (on-line editions do not contain everything that the magazines do.) Both have a buyer's guide every year which lists contact information for companies providing services to theaters.
- If you are serious about opening a drive-in theatre, you should consider attending the annual United Drive-In Theatre Owners Association (UDITOA) convention. It is typically held at the end of January or beginning of February. Only an existing UDITOA member can invite you to attend the convention if you are not an existing drive-in owner.