



MoviePass' Midsummer Nightmare

Darrien Wilkins, Content Strategist | August 21, 2018



As students, our obsession with values becomes ever-apparent in our everyday lives. We'll seek out the cheaper place to buy gas and solely buy gas there, we'll abuse and use the cashier's office to get cheap movie tickets, use Student Life in order to get VIP passes to the aquarium, zoo, or science center – and we're always on the hunt for free food anywhere it may be. MoviePass once existed as the golden pinnacle of a true value. You could pay \$9.95 a month and see, at most, one movie a day. Sadly, things changed quickly and experiences started to become sour.

In the summer of 2017, former Netflix CEO and current MoviePass CEO, Mitch Lowe announced that MoviePass would be adopting a new price point of \$9.95 a month. Although the change seemed economically unsupported, the company's hope was to achieve sustainability reliant on the data customers would inevitably be sharing. However, there's very little time wherein people are willing to share data outside of which movies they went to see and how often. The company also lacked any formal connection or partnership with the movie theaters themselves and more or less relied solely on the production and distribution companies to "help out". Where we saw "a free movie every day for a month" MoviePass was peering deep into the reality that they could end up paying \$15 a day for upwards 31 days. A small investment of \$10 per users was catastrophically burning a hole directly through MoviePass' budget.

Shortly thereafter, MoviePass began limiting users via what they've labeled as "tests to help ensure the best customer experience" while ironically making it more difficult to perform the one core task MoviePass was meant to achieve. Users were subject to submitting photos of their ticket stubs to verify that they had actually seen the correct movie, some were told they could only see a movie once, and some saw their favorite movies disappearing from the app's listings. With all these shifting goalposts and changes to a service that was once hailed as being too good to be true, it became obvious that things were never as good as they had once seemed. These changes eventually became a meme throughout the internet and more or less ruined MoviePass' identity as a great "hidden" deal. Mitch Lowe produced a series of press releases and held numerous conference calls with investors to ensure that the company would stay afloat, but things weren't looking well.

More than twice through the summer of 2018, MoviePass plainly ran out of money. The app was no longer allowing people to check-in to movies – a full halt to the service. An emergency loan was issued to MoviePass for a total of 5 million dollars from Hudson Bay. This allowed the service to exist for a bit longer, but there was no remedy to the problem. MoviePass was still burning through money. Plan changed became constant for everyone and even more restrictive changes became a reality for users. Being completely transparent about the new changes, Mitch Lowe held a conference call to announce that new movies that are shown in over 1,000 theaters wouldn't be one of the films users could check-in to for upwards 2 weeks and that, in an attempt to earn more money, plan prices were shifting to \$14.95.

Some users held out hope that this would help MoviePass get back to its heyday. Sadly, more changes came. The introduction of a new plan came within 2 weeks of the previous announcement since there was a vehement outpouring of people who sorely despised the idea of paying more to receive less. Less would still be given, but within confines that allow MoviePass to continue making money. However, with the \$14.95 plan out the window, and now a limitation of 3 movies a month, MoviePass did remove the restriction of not showing new, popular movies within that 2 week window and, at the very least, the plan is now \$5 cheaper than it was going to be.

Mitch Lowe reported via a press release that only 15% of users had ever seen more than three movies a month. Allowing users to see at least 1 movie a day was not viable and was not sustainable. With the change in price – again – MoviePass could now expect to gain money and be a worthwhile company. While the new single tier offering of \$9.95, 3 movies a month introduces a lot of headache for the users of yesteryear, it does help and allow MoviePass to be what it once was. The downside to it all is that the competitors are allowed to easily and swiftly become a better option for users. AMC Stubs A-List offers 3 movies a week, free drinks upgrades, and the movie selection includes 3D and IMAX for about double the price – \$19.95. And it includes a price guarantee for a year from the day you sign up.

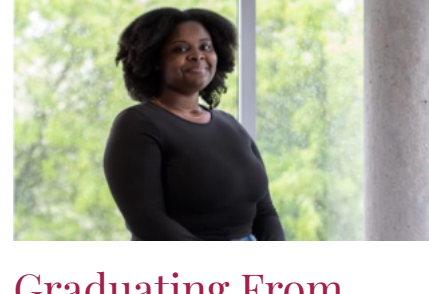
In light of all the changes, drama, and behind the scenes turmoil, it's apparent that MoviePass wants to succeed and wants to be viable. Achieving that, for them, has proven to be a task that they can't easily reach, but throughout the year, we've seen them fight for their own survival. Stock prices continue to drop for their parent company, Helios and Matheson, but the story of MoviePass is that it continues to fall and rise repeatedly over time.

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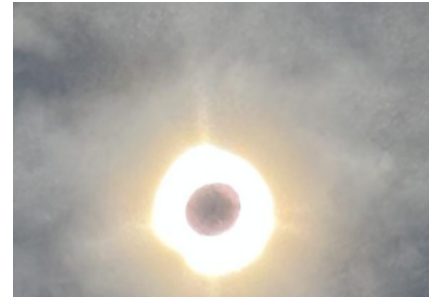


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