

Scope and Impact of Cinema Advertising in the era of VoD & Online Streaming

Sadaf Karim

Department of Management

Assistant Professor

Allana Institute of Management Sciences, Pune, India

sadafzeba@gmail.com

Abstract — Purpose – The current research seeks to throw light on the exuberant growth of over-the-top media services providers like Netflix and Amazon Prime in India, which provide the video on demand, online content and online streaming. The study aims to focus on the impact of VoD and online streaming on cinema advertising; if any. Also, this study will try comparing convenience and experience for the consumers when it comes to entertainment. Is online streaming actually hurting the Bollywood and Hollywood and thus the cinema industry? If marketers and advertisers should incorporate cinema advertising also as one of their marketing tools? **Findings** – The study reveals that the cinema industry is not dying and that there is ample scope of cinema advertising (on-screen & off-screen). Online streaming does not have much of impact on the cinema audience. The reasons being numerous include uninterrupted and undivided attention, larger than life screens, the Dolby digital sound, the technology and the overall experience of cinema theatres. These are the factors which actually the maximum of present youth generation wants in their very busy schedules. **Originality/Value** – The concept of VoD is a new trend and has gained popularity in India. Not much of study and survey has been done on the concepts related to the topic in study. My study will try to decipher insights on the subscribers and watchers of videos on demand and the audience of cinema which goes to cinema theatres. My study will also try comparing the two platforms as promotional tools and the convenience and experience between the two.

Research Methodology: The research is based on secondary data. The research is a descriptive research. The data has been obtained through articles, reports, research papers and already done surveys and questionnaires.

Keywords:

cinema advertising, video-on-demand (VoD), online streaming, over-the-top (OTT) media service providers.

Introduction:

India is the largest producer of films and second oldest film industry in the world which originated around about 105 years ago. Besides being the largest producer of films in the world, India also has the largest number of admissions. The multi-lingual Indian film industry is the largest in the world in terms of ticket sales but it is the 3rd largest in terms of revenue; mainly due to having amongst the lowest ticket prices in the world. Cinema Advertising is an underrated medium of advertising with being ignored by the brands and advertisers. The advertisers are often in a muddle whether to invest in cinema advertising and if they even go for it, they are uncertain as to what share of the ad spend would they account it for and what could be the return on investment.

Video-on-demand and online streaming hosted by Netflix and amazon Prime is a new concept in India which have captured a good chunk of the Indian audience which are fond of entertainment.

But not to ignore; with the advent of economic growth, urbanization and advancement in technology with realistic experiences like 3D, 4DX, IMAX coming into play; on-screen and off-screen cinema advertising has gained up momentum ever since.

Research Problem:

In today's world; with digitization and internet tariffs an all-time low and varied offers to the customers giving way to VoD and online streaming. This is the new craze grabbing the attention and capturing the eyeballs of the population. Will the exhibition industry die? Will it be able to cope up with the cut throat competition from online streaming service providers and platforms?

Research Statement:

Survival of the cinema screens and movie theatres and thus cinema advertising. Getting back all the attention which it used to have in earlier times thus and being number one in terms of the quality and experience.

Research Questions:

1. Is video on demand (VoD) killing the cinema industry?
2. Are over the top (OTT) platforms a threat to the exhibition industry?
3. Is online streaming a competition to the movie screening at theatres?
4. What is the scope of cinema advertising as a promotional tool in the era of online streaming VoD?

Objectives:

- To learn the impact of cinema as a mode of entertainment and thus if it can be used as an advertising tool in the age of online streaming.
- To learn the impact of the over-the-top media service providers like Netflix and Amazon Prime which have introduced online streaming.
- To compare Cinema and OTT platforms as the modes of entertainment.
- To look at the impact that online streaming has on the film industry.

Originality of the study:

Since VoD and online streaming has entered India recently and is a new concept in India; not much study and research has been done on the same and thus not much of comparison

has been done on the scope of advertising through the over-the-top platforms and through cinema and exhibition.

Need for this Research:

Cinema advertising is a dynamic medium offering advertisers the opportunity to reach their target consumers in a distraction-free compelling environment. Advertisers

showcase their brands in an entertainment backdrop and access the star power that drives consumers to cinema.

Consumers, in today's marketplace have the opportunity to choose between several available alternatives in almost every product category. With increasing competition, changing consumer behavior and advancement of technology; the need for advertising is growing even more for the organizations to reach out to its customers in the best possible way and build the long term relations with them. Advertising today is an important item on the top management agenda. The foremost reason, of course, is the increase in size of advertising expenditures. In many cases, advertising has become the third, second, and in a few cases, the largest item in the corporate budget. Every business invests huge amount of time and money on its advertising but the problem arises when it fails to deliver result. Some of the reason for the failure could be that people never accessed or viewed the advertisement. It could not leave the impact it ought to. It was too costly for the results achieved or the message was not clear etc. Many of the problems arise because of the wrong selection of the medium of advertising. Every medium has its different communication style, reach, public acceptance, cost advantage, shelf life etc. This study is very much required to understand how the right choice of media can actually help in getting maximum possible benefits from advertising also getting ideas about cinema advertising and its effectiveness. Every medium of advertising carries its own respective benefit, its own set of loyal audience and its own different chief characteristics. Thus, at some point of times companies have no available criteria, to judge, which medium would be most effective to solve their required purpose than budget as a consideration. Through my study, I would like to throw light on cinema advertising, online streaming and scope of cinema advertising in the age of online streaming. I would try to bring out its importance and decipher the connect that it can make with the audience through various aspects like brand recall, emotional engagement, brand association, involvement and message response thus influencing the buying intention and purchase decision.

Discussion based on Literature Review:

Now is the era of digitization. Marketing and advertisements through internet and online content is on fire. In such an era of digital boom; the reasons being increase in the number of smartphones and thus number of smartphone users growing by leaps and bounds and also the reduced prices of internet data packages. Consumers are going online and watch videos on demand anytime and anywhere as per their convenience and comfort. The Indian digital audience is increasing and there has been a staggering growth of online subscriptions of OTT media service providers. Amazon Prime is leading with the maximum number of subscriptions with California based Netflix on the second position and Hotstar being on the third. Social media penetration among Indian internet users has been increasing at a lightning speed

because of the increased availability of smartphones and cheaper internet tariffs. With a variety of forms of marketing prevalent in the market; the marketer is in a dilemma as to choose which form of marketing and advertising in this marketing clutter. Traditional marketing which includes television and magazines are now fading away and the newer forms of marketing like social media marketing, search engine marketing, email marketing are now the emerging trends.

With the advent of over-the-top platforms providing the content online for the audience with the ease and comfort of watching the content anytime and anywhere and on any kind of screen is alluring the audience away from the broadcast media (i.e. cable networks) and cinema theatres.

Research Methodology: It's a descriptive research and the source of information is secondary (articles, papers, various websites)

Results and Findings:

In 2001, there were approximately seven million Internet users in India. This number has grown by 25 times in the last 12 years at a compounded rate of over 30 per cent year on year. Today, 40 million Indians are online every day, spending 40-45 hours over the Internet per month. India is predicted to have 550 million Internet users by 2018 (Statistics Portal). India is the world's second-largest internet market. The number of smartphone users is forecast to grow from 2.1 billion in 2016 to around 2.5 billion in 2019, with smartphone penetration rates increasing as well. This shows that, India is a growing market with a rapid increase in the number of mobile and internet users. Cinema advertising will be growing at a CAGR of 22% in the next five years which means there is a potential in cinema industry as an advertising tool (Magna Global). Growing urbanization, aggressive multiplex expansion plans (multiplex screens are expected to double in the next five years), increasing digitization of screens are some of the growth drivers for the increase in the attendance for cinema theatres. If we talk about the over-the-top media service providers; we can make out from the articles and reports that Netflix / Amazon Prime are not killing the cinema theaters. This can be validated by a new study conducted by EY's Quantitative Economics and Statistics group, which finds that people who go to movies in theaters more frequently also consume more streaming content. The message here is that there's not a war between streaming and theatrical. "People who love content are watching it across various platforms and all platforms have place in consumers' minds." The online streaming is cutting off the viewers from the broadcast media, that is, the television and cable (According to Phil Contrino, director of media and research at NATO). India is the third largest market after US and Brazil in terms of the number of subscribers of Netflix with its market share growing more rapidly than either of the other two countries in the third quarter. Marketers do not understand the value of connecting and they have been focusing on "collecting" instead of "connecting. This has been a persistent problem with the marketers and advertisers since ages. We can very well compare Convenience and Experience while comparing the online streaming and cinema theatres as the mediums of entertainment. While sitting back at home and looking at the convenience, people

opt for the VoD and thus go for online streaming. If we talk about the Movie theaters, these big auditoriums with very large screens, Dolby Digital sound system and a very conducive environment bring out the experience which streaming cannot: a captivating and an immersive experience, larger than life experience with the dark black background and the surround sound capturing the undivided attention of the audience. The attention of the viewers is otherwise interrupted and divided while streaming and watching movies on the small screens at homes. The attention of the audience gets pulled by the sound and color of the movies being exhibited on the 3-story - larger than

life screens. One does not feel the same when he/she is sitting on the couch at one's home. This uninterrupted and tension free and relaxed environment is what consumers crave for in their busy schedules. Viewers belonging to the Y&Z generation; (the millennials) are 50% more likely to claim movies as a passion. They are also most likely to buy tickets ahead of time and nearly 90% aim to arrive at the theater early (According to National CineMedia)

Contribution to the body of knowledge:

This study will definitely benefit the advertisers in deciding whether to use cinema advertising as one of their marketing tools and if yes, how to much of the amount to put in.

The study will also help advertising agencies, academicians and students pursuing marketing and advertising as their specializations.

Scope of future Research:

The video-on-demand and the over-the-top markets are growing in India. The players see India as a potential market for these services mainly because of the increasing number of smartphones and the minimal data packages being provided by the mobile networks. Looking at this growth, there can be a room of more information and data collection on the front of cinema experiences in the movie theatres. Study can be done on what strategies and moves the movie makers in collaboration with the screen owners should be going for, to retain the movie audience and stopping them to watch movies on their screens at their homes. Also to add more to their existing list of viewers and surpass this competition with the online content service providers. This can help the advertisers and marketers to plan out their promotional and marketing strategies. The future research would help the cinema industry and the movie makers with useful insights as to what all to incorporate in the movie to pull the viewers to the theatres and multiplexes. This will also help the marketing students in getting insights about the cinema industry and marketing tools.

Conclusion:

Breaking through the advertising clutter and deciding on to why and how an advertiser can incorporate cinema advertising for an optimum ROI benefitting both the businesses and the society. Even though the number of smartphones are increasing and the internet charges are decreasing which is giving way to increasing number

consumers of online content streaming; reports and studies give some evidences that the theater industry has always been able to coexist with home entertainment even though the fact that home entertainment scene has "always been seen as a threat to exhibition". It is evident that the viewers still need an affordable and entertaining option on a Friday night regardless of how cheap the internet tariffs are and to how many OTT service providers they have subscribed and where they live, home entertainment is definitely not upsetting the cinema attendance as it is thought to be." While the movie theater industry continues to pull through problems like video piracy and box office flops, the industry is progressing to work on new ways to persuade today's consumer. There are proofs indicating that cinemas are adapting ways of offering better movie experiences, with chains putting in efforts and investing in areas like bigger

screens, luxury, bars, reserved seating and new technology to ensure that the consumers come back for more. The exhibition industry is not under threat. It has proved to be buoyant and has sailed across for over a century signifying that it can very well withstand and recover tough competition mainly because by being receptive to innovation and embracing technology. Just like the transformation that the airports and sports stadiums have brought in the recent years; the exhibition industry is also undergoing the same; that is, offering a better experience at different price-points which surely has created lots of excitement amongst the consumers. Therefore, I can conclude my study stating that the cinema industry is coming up with marketing strategies to pull back the consumers. The number of movie-goers did decrease but eventually increased with blockbuster movies releasing in the summers. Thus the marketers should definitely look upon cinema advertising as one of their promotional tools.

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