

## Key Factors Affecting Movie Viewing In Theatres By Audience



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### Abstract

*The Indian film industry has grown multi-dimensionally with unique blend of commerce, art, craft, star glamour, social communication, literary adjuncts, artistic expression, performing arts, folk forms and above all a wide-ranging and abiding appeal to the heart, the mind and the conscience. The people's lifestyle and sociology have been reflected in the mind-boggling number of more than 1,600 films and thousands of documented short films in different languages making it the largest and most fascinating film producing country in the world. And its people are famously fanatical about those movies and their movie stars. By almost any measure, India should be the world's highest grossing territory in theatrical revenue. So why does India's movie industry gross only \$2 billion per year at the box office? That amount is just a fifth of North America's gross, despite a population more than three times larger, less than a third the size of China's industry. Even less than Japan's, which has one-tenth the population that India has and far fewer movie screens?*

**Key words:** *Film industry, motion pictures, Piracy, Ticket Price, Online and experience*

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### Introduction

With more than 600 television channels, 100 million PayTV households, 70,000 newspapers and 1,600 films produced annually, India's vibrant media and entertainment (M&E) industry provides attractive growth opportunities for global corporations. Enticed by economic liberalization and high volumes of consumption, many of the world's media giants have been present in the Indian market for more than two decades. However, in recent years, with near double-digit annual growth and a fast-growing middle class, there has been a renewed surge in investments into the country by global companies.

Indians love to talk about cinema, after cricket and politics. Cinema and film stars are an obsession for most Indians. India is the largest producer of films in the world, with over 1,600 films being censored in 2015 in over 14 languages. However, the theatre going audience to films is abysmal for even a blockbuster film as per various published reports. This paper attempts to find out the factors impacting film viewing in theatres for audience.

Bollywood, as the Hindi film industry is popularly known, is the largest contributor to the industry's revenue, followed by the South Indian movie industry (comprising Tamil, Telugu, Malayalam and Kannada film industries) and other language cinema industries such as Bengali, Bhojpuri, Punjabi, Marathi, Oriya and Gujarati. Although the country's filmed entertainment industry is the largest in the world in terms of the number of films

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it produces (around 1,600) and its theatrical admissions (around 2 billion), it continues to be small in size in terms of revenue, mainly due to low ticket realization and occupancy levels

Even an India-wide blockbuster film like Aamir Khan's *PK* was viewed by just 4 per cent of Indian population, not taking into account repeat viewing by the same audience. It is clear that less than 4 per cent Indians from a population of over 118 crore actually watched the film in a theatre, which is not impressive, especially when measured against the share of mind space that films occupy among Indians. This paper attempts to find out why the balance 96 per cent of the population did not attempt to view the films in a theatre or how they viewed the film.

### **Objectives:**

This paper evaluates the factors, which affect theatre viewing by the audience, which is the reason for just 4 per cent of Indian population watching a blockbuster film in theatres. How the balance population watch a blockbuster film and why the vast majority of population do not visit theatres to watch a film? A blockbuster film like *PK* has earned Rs.340.80 crore (Ref: Box office collection report as per link 2), which is just 4 per cent of Indian population. Just 1 per cent more audience viewing the film in theatres would have added another Rs.85 crore to the box office collection of the film. Such is the potential to add revenue for a film if the theatre going audience increases. If just 12 per cent of Indian population have viewed the film in theatres, the box office collection of that film would have crossed over Rs.1,000crore is a possibility.

### **Methodology:**

For the purpose of in depth study the contents have been taken from relevant books, articles, journals, websites. The method is analytical and descriptive. Primary and secondary research method was used to find out the factors affecting the theatre going audience. Under primary research, data was collected from 600 respondents from Mumbai, Chennai, Bengaluru and Hyderabad. The secondary research involved the study of numerous research reports, articles and publications on the factors affecting the theatre viewing audience for Indian films.

### **Major Factors affecting theatre visits by the audience:**

**India is severely under-screened.** With just 1 screen per 96,300 residents, it is the world's most under-screened major territory. The U.S., by contrast, has 1 screen per 7,800 residents. China, which until recently was even less saturated than India, has been on a cinema building binge and now has 1 screen per 45,000 residents. With such a deep shortage of movie theatres and screens, many of India's fanatical movie fans are simply unable to see movies in the theatre.

**India's movie theatres are sub-par.** More than 10,000 of the country's 13,000 screens are single-screen cinemas. The economics of these theatres are inferior to modern multiplex cinemas, which can charge ticket prices that are double those of single-screen theatres. And because they can operate more efficiently, multiplexes can generate higher capacity yields and revenues per seat compared to single screens. Hence, most single screens are unable to provide comfortable viewing experience to the audience, which is a barrier to increase the footfall. India clearly has an infrastructure problem, which China addressed effectively.

**India's film economy is splintered into several regional industries.** Unlike North America, China, and most major territories, where the vast majority of films are distributed in a single language, India makes and distributes films in more than 14 different languages. The regionalization, and linguistic politicization, of the country's movie business saps its overall strength. Average production and marketing costs are higher and profits are lower than they would be if India's film industry were more integrated.

### **Ticket prices**

It's true that India's population is in a middle class of between 50 million to 100 million people who cannot afford to pay more than the average ticket price of 150 to 250 rupees (US\$2.25 to \$3.80). This survey tried to find out how much influence the ticket prices have on the audience to visit the theatres to watch films. The following were the results. The research clearly indicates that 90 per cent of the audiences are affected by the ticket prices either fairly or moderately or heavily. It is clear that ticket prices are the biggest factor to visit theatres by audience to view films and hence this high percentage of audience seeking lower ticket prices to visit theatres more often.

Almost 95 per cent of the movie going audience have to pay Rs.80 and above to watch a film. Currently 55 per cent of the audience pay Rs.120 and above to watch a film in theatres. The survey tried to find out the ticket prices, the respondents are willing to pay to visit the theatres more. The results revealed some surprises. Clearly the Indian audiences are not prepared to pay more than Rs.120 to watch a film in theatres. Large section of audience, 71 per cent wish to pay between Rs.80 to 120 for tickets and nothing beyond and resent ticket charges higher than that and consider it as an impediment to watch films in theatres. 21 per cent of the respondents actually look for ticket prices within Rs.80 is an indication of their comfort level. Only 9 per cent respondents are interested to pay beyond Rs.120 as ticket prices.

Michael Cieply's report (July 31, 2011, article link 3) on the Hollywood box office revenues revealed the same expectation of the audience in USA/North America and stated that the audience are willing to watch four times a month, against twice a month (which is double the theatre visits) if the ticket prices are less. If the audience in developed nations is looking for reduced ticket prices to view films more in theatres, it is not a surprise when the Indian audience looks for lower ticket prices.

**Taxes are too high.** Unlike any other business in India, movies must pay both an Entertainment Tax, which would seem to classify them as a frivolous activity, outside the ambit of a necessary service, and they must also pay Service Tax, which implies they are necessary. Several levies, central as well as state, are charged in the media and entertainment industry with central levies being Central Excise duty, Customs duty and Service Tax and State levies being state-VAT and Entertainment tax. The Service Tax and state-VAT onof these taxes are applicable on remunerations, film production, in-film placements, grant of various rights such as distribution rights, theatrical rights, cable and satellite rights, sale of airtime for advertisement purposes, recording/editing of program, sale/lease of program content, etc. These taxes are increasingly being disputed with authorities.

**Piracy:** As per USTR 2016 report, losses from piracy of music and films in India are estimated at approximately \$4 billion (Rs.25,000crore), which is more than official Indian film industry size. Pirated DVDs are available on the road on second or third day of film's release has killed the original Home Video (DVD) market and made the audience to be

choosy in watching films in theatres. The biggest issue the industry is facing now is films being available illegally on the net, on the day of release itself, in good digital and sound quality. While the Hindi film *Udta Punjab* was leaked in piracy two days prior to the film's release (Indian Express article link 4), Hindi film *Great Grand Mastigot* released three weeks prior to its theatrical release (Indian express article link 5) causing huge loss to the Producers, which badly affected the theatrical revenues and the expected number of audience did not visit theatres to watch these films.

India tops the illegal online download even for Hollywood films and films are being screened through cable illegally from first week itself, affecting the satellite revenues. The another research report (Online-Piracy, article link 6) states that 70 per cent of online users find nothing wrong in online piracy, which is an alarming trend across the globe and it is much higher in India.

Out of the 600 sample surveyed for the primary research, 130 only (22 per cent) have watched the films legally through official DVDs while 160 (27 per cent) watch films regularly through pirated DVDs. As many as 310 respondents (52 per cent) watch new films online immediately on release, which is a huge revenue loss to the Producers. In addition, 140 respondents (23 per cent) have expressed the view that they find nothing wrong in watching a film through a pirated link or DVD, which reflects the mind-set of the common audience.

Clearly, piracy is taking away the large chunk of the theatre going audience and hence India is not able to achieve more than 4 per cent audience for a block buster film at theatres. With almost 70 per cent of the audience being reached through piracy immediately after the release of the film or prior to its release in some cases, the growth of theatre going audience beyond 4 or 5 per cent is nearly impossible unless the Government curbs piracy and ensures the films are available only through either theatres or through legal digital portals offering films on payment.

### **Content Quality**

The research revealed that 247 respondents (41 per cent) out of the 600 look for positive reviews on the film content before deciding to watch a film in theatres. If the reviews on the film content is average or bad, they choose not to watch in theatres. Content emerges as the top factor, which influences the audience from visiting the theatre. As there is high importance attached to content quality, when the reviews are not favorable, theatre visits are affected correspondingly.

### **Cost of snacks and other services at theatres**

Movie viewing in a theatre involves other costs like parking fee, cost of snacks and beverages, in addition to the ticket prices. The research tried to find out the how much these costs affect their movie watching habits. The survey indicated that 14 per cent (84 respondents) feel that the cost of parking impact their visit to theatres. Along with that, it also revealed that 13 per cent (76 respondents) felt that the cost of snacks and beverages at the theatres is an impediment to visit theatres. Both are smaller percentages and as there is an option to the audience to decide not to buy the snacks and save on it, the result does not indicate the cost of parking charges, snacks and beverages affect movie going habits.

The profit margins for theatres are higher on the sale of popcorn, snacks and beverages than from they earn from the ticket prices. While the theatre owners have to share their ticket sales revenues with the distributors or Producers, the earning from snacks and other services are

totally retained by them. Hence, most theatre owners look for more footfall to increase their snack sales and overall revenue than worrying about ticket prices, which had to be shared with the Producers and distributors in any case.

### **Alternate options to watch a new film immediately instead of at theatres**

In view of the first two critical factors namely, content quality and ticket prices, most audience look for alternate options to watch new films immediately to satisfy their hunger to watch them. As they cannot afford the ticket prices, most look for other alternatives and when they are easily available, make use of it and view the films. The surprising factor is most audience do not have any guilt feeling about viewing a film illegally, without paying for it and hence the piracy is thriving and growing in various forms in India. It was initially through pirated DVDs, which has now spread to cable TV, digital online downloading and transfer of file through pen drives and mobile phone applications. Various research reports published indicate that piracy is the second biggest factor, which is affecting the theatre visits by the audience.

### **Conclusion**

The Indian film market is coming of age. The stakes are becoming higher. India's greatest potential lies in its copyright related industries. India is the largest film-producing nation in the world. It has given the world the largest number of computer software engineers and its music is enjoyed all over, in particular in South and South East Asia. It has a vibrant publishing industry with publications in over 26 official languages. All these industries crave protection of the laws. If the copyright laws and their enforcement are strengthened, the entertainment industry in India will benefit and we can certainly witness higher per cent of population watching the films legally either in theatres or through official digital downloading.

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