

The Future of Movies and Entertainment: OTT vs. Cinemas

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Abstract

This research study examines the changing patterns of film and entertainment consumption in India, with a specific focus on the shift from traditional movie theaters to Over-the-Top (OTT) platforms. The study utilizes quantitative methodologies by conducting surveys on a sample size of 100 participants. The purpose is to assess their preferences, motives, and the factors that influence their decision to shift. The findings demonstrate a significant preference for OTT platforms, as more than 75% of participants had a favorable predisposition towards them in comparison to cinemas. The main drivers of this transition are convenience, economic efficiency, and a wide range of content options. The study also examines the benefits of both mediums, highlighting the unique experiences that cinemas offer, such as the utilization of 3D, IMAX, and 4DX technologies. The study specifically evaluates the effects of the PVR-INOX merger in light of the OTT trend, and participants have expressed doubt regarding its potential for success. The results emphasize the substantial impact of over-the-top (OTT) platforms on consumer actions, indicating a fundamental change in the film & entertainment sector. The report emphasizes the ongoing difficulties that traditional cinemas confront in the changing entertainment industry, as about 76% of respondents show a preference for OTT releases rather than cinema debuts.

Keyword: Cinema; Convenience; Entertainment; Internet; OTT; PVR; Web Shows.

1. Introduction

Viewing films and other digital media in India is a regular practice and an integral aspect of the lifestyle that offers respite and amusement from the demanding professional endeavors. Individuals across all age demographics like consuming digital material through mediums such as one-shot films, web series, and movies. The primary factor has been the transition in the platform through which these films and shows are viewed (Mikos, 2016).

From the 1990s to the 2010s, theatres and television served as the predominant mediums through which people watched movie material in the early digital era. These two platforms had extensive coverage and were able to reach even the furthest areas of India. Consequently, individuals have adopted the practice of viewing films both on television and theaters. Subsequently, with the rapid advancement of the internet, OTT platforms have superseded the mediums of movies and television (Puthiyakath and Goswami, 2021).

The COVID-19 epidemic has intensified the OTT wave, leading to the closure of cinemas. This has enabled OTT providers to establish a dominant position as the primary platform for viewing movies, web series, and other digital material (Dutta, 2021). The impact on cinemas has been substantial in terms of both financial earnings and market dominance, leading to direct rivalry between the two platforms: OTT services and cinemas, despite their distinct business structures (Gaonkar et al., 2022).

1.1. The Concept of OTT vs. Cinemas

OTT portals are web-based platforms that allow users and viewers to stream a wide range of media material across multiple languages and genres (Mulla, 2022). Over the past five years, these mediums have seen a significant increase in viewing and audience. Among the top over-the-top (OTT) services in India are Amazon Prime Video, Disney+ Hotstar, Netflix, and Sony LIV (Kulkarni, 2022). These over-the-top (OTT) platforms served as both a partner and a replacement for traditional cinema exhibition corporations. The primary stakeholders in the entertainment industry that facilitated the distribution of films nationwide for film production firms were cinema chains such as INOX and PVR (Dutta and Sen, 2020). The best place for viewers and audiences to watch movies initially has been theaters. The main driver of the competition between OTT and movie theaters is the way that customer preferences have shifted over the last three to four years for the consumption of digital content on OTT platforms, starting in 2019 (ANALYTICS, 2021). For a variety of reasons, people have moved to over-the-top streaming services and stopped coming to theaters to see movies.

1.2. Necessity of Conducting Research on the Issue

Multiple factors can be attributed to this change in customer behavior within the entertainment industry. Factors such as convenience, price sensitivity, and variety of materials contribute to this. However, these factors must be thoroughly investigated, analyzed, and substantiated through a rigorous research study. Hence, this justifies the necessity of doing this research study to investigate the comparison between OTT platforms and cinemas, and to analyze the underlying reasons for the change in customer behavior. A comprehensive research study would also benefit the various players of the showbiz business, particularly the diverse parties affiliated with OTT platforms and Cinema. The present analysis of the research will provide them with insights into the future trajectory of their market position and consumer behavior in the showbiz industry.

This study aims to investigate the reasons for the transition in content consumption from traditional movie theaters to OTTpodiums, as well as any possible long-term effects.

1.3. Objectives of The Study

1. To determine individuals' preferences and the underlying reasons for selecting either cinemas or OTT platforms.
2. To comprehend the physical and psychological factors that impact individuals' preference for one form of media over another.
3. To distinguish between Cinemas and OTT platforms based on many factors that impact consumer choices.
4. To forecast the forthcoming trajectory in the Indian film and entertainment industry.
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2. Review of Literature

The proliferation of smartphones and increased internet bandwidth has facilitated the expansion of smartphone usage and internet accessibility in India. The growth of OTT platforms for streaming TV series and movies has experienced a significant increase in the last five years due to the aforementioned factors. Nevertheless, the impact of these platforms is solely observed in the cinema industry amidst the pandemic of COVID-19 (Parikh, 2020).

According to Chatterjee and Pal (2020), consumers' preference for OTT content is influenced by both technological advancements and socio-economic and behavioral changes resulting from globalization. This investigation examines consumer behavior about OTT content, film and TV consumption, considering the impact of technological improvements.

It was analyzed that the promising demographics, compelling and pertinent material, complimentary offerings, and diverse selection of subscription options for exclusive content indicate a greater potential for future expansion. The widely dispersed populace can access their preferred content on various devices and dedicates nearly one-eighth of their day to consuming their favorite dramas, TV shows, or movies. In the future, virtual platforms will offer greater reliability and there will be a significant change in how customers interact with businesses (Saha and Prasad, 2021).

Chen (2019) reveals that OTT TV and traditional TV share significant similarities in terms of niche overlap, particularly in the areas of entertainment and user-friendliness. OTT TV demonstrates a clear and undeniable advantage over traditional TV in all aspects. Regarding program genres, news, movies, and sports accurately anticipate users' satisfaction with cable TV, whereas movies and dramas accurately anticipate users' satisfaction with OTT TV.

Sundaravel and Elangovan (2020) stated that video real-time has become a highly promising platform for multimedia consumption in India. Small over-the-top (OTT) platforms are successfully attracting investments from international investors and making a substantial influence. Hotstar, an Indian over-the-top (OTT) service, currently holds a dominant position in the market. Hotstar boasts the highest count of unpaid over-the-top (OTT) subscribers.

The Smartphone is widely recognized as the primary device for consuming OTT video content, and Xiaomi stands out as the most favored brand among OTT subscribers (Kumar and Meena, 2023). Within the realm of OTT consumers, Jio stands out as the most renowned system administration, with Airtel and Vodafone-Idea following closely behind. Both English and Hindi are the most commonly seen languages. This study examines the current patterns and developments in the OTT (Over-The-Top) entertainment industry (Singh et al., 2022).

Singh (2019) reveals that Hotstar, Netflix, and Jio play a pivotal role in the Indian OTT service market. Amazon is also a significant competitor in the market, but it has a very small Indian market share. Indian users employ these applications without incurring any financial expenses. They enjoy watching streaming content without any cost. The majority of viewers utilize these applications to consume material for up to 2 hours daily. Web series are typically the most popular type of content on Over the Top (OTT) platforms. The Indian population greatly enjoys watching web series on these types of platforms. The second preferred program is cinema. The Indian populace thoroughly enjoys seeing flicks on these programs. Hindi is the preferred language among Indian viewers, with the majority of consumers consuming video content through Hindi language applications.

The internet has significantly transformed the operations of a substantial number of enterprises. The media industry has experienced significant transformations in its activities as a result of its main target audience's growing internet usage. Indeed, interest groups in India are familiar with the movies, shows, music, and other forms of entertainment offered by numerous OTT platforms. The proliferation of the OTT industry has rendered cinemas insignificant. This article discusses the rise of OTT (Over-The-Top) platforms, the variables that contribute to their success, and the target audience they cater to (Jain, 2021).

Varghese and Chinnai (2021) concluded that people generally prefer to consume material on OTT platforms rather than in movie theaters. Approximately 50% of the respondents hold the belief that OTT services pose a disruption to movie theaters. A primary incentive is the extensive range of subject matter. Another aspect is the availability of content upon request. The reasons for the move are the convenience of individual viewing and the availability of international content. Nevertheless, viewers are not yet prepared to view another film on OTT platforms; they prefer the cinematic experience, ambiance, large screen size, and superior sound quality that OTT platforms cannot replicate.

Gaustad (2019) examines the patterns of over-the-top (OTT) platforms compared to local material and films in the Norwegian area. The advent of digitization has caused a significant upheaval in the techno-cultural landscape, fundamentally transforming the way we consume films outside of traditional cinema settings and reshaping the economic dynamics of content providers. From 2010 to 2016, there was a shift in Norway when DVD/Blu-ray and based on subscriptions streaming services exchanged positions as the main and secondary means of watching home videos. Consequently, the consumption of home videos has transitioned from being a very profitable platform at the start of the release cycle to a less profitable platform towards the end. During this time, films face tougher competition from drama series, and overseas content tends to perform better than local content.

3. Research Methodology

This study utilized quantitative research methods to analyze data, specifically examining the shift in viewing content from cinemas to Over-the-Top (OTT) platforms. Numerical and graphical techniques were implemented to interpret the data. The selection of quantitative research was made to visually present real data, to achieve a comprehensive and definitive understanding of customer behavior in the entertainment industry. This research specifically focuses on the dynamics and future trends of OTT platforms compared to cinemas. A sample size of 100 was chosen for the investigation. The data collection process entailed administering online surveys to viewers and audiences of both over-the-top (OTT) platforms and cinemas. The survey questionnaire focused on key determinants of customer choices, including convenience, cost, content diversity, and watching experience. The authors employed judgment sampling, which is a non-probability sampling technique, to ensure the quality of responses by depending on their own opinions for correct data gathering. This strategy was essential in comprehending the differences between OTT and movie consumers and non-consumers, guaranteeing meaningful data for evaluation and analysis. The respondents who were sampled represented a wide range of demographics, including different age groups, genders, economic levels, and relevant skills.

4. Results and Discussion

i. Preferred Medium for Watching Movies

According to the data presented in Figure 1, it is evident that OTT platforms are favored by the majority of respondents, with over 75% expressing a preference for OTT over cinemas. Only 24% of respondents answered the question in favor of Cinemas, while 1% voted for Television. Therefore, it demonstrates the audience's transition towards OTT platforms.

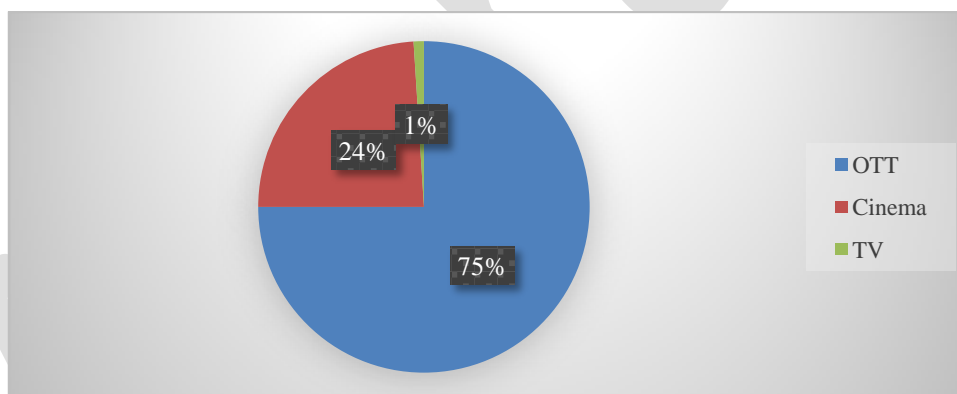


Fig 1: Preferred Medium for Watching Movies

ii. Preferred OTT Platforms for Content Subscription and Viewing

Figure 2 depicts the various over-the-top (OTT) platforms that were selected by the survey participants as their preferred and often used subscription services. 79% of the participants indicated that they watch Amazon Prime Video, which received the greatest percentage of votes. Disney+ Hotstar followed closely after with a percentage of 67%, while Netflix received 65%. These are the top three OTT platforms used since they have shown the most influence and reach among the respondents. Approximately 20-31% of the respondents watch platforms such as Sony LIV and Zee5. Nevertheless, it is clear that Prime Video, Netflix, and Hotstar have a significant advantage over other platforms.

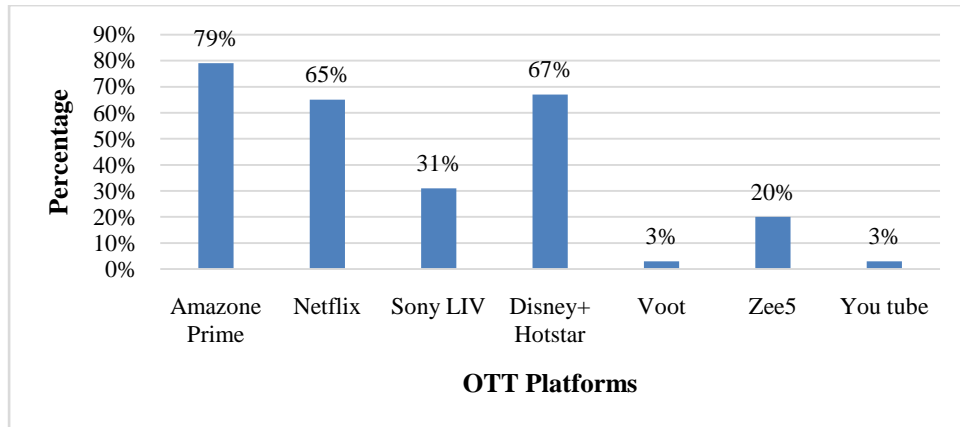


Fig 2: Preferred OTT Platforms for Content Subscription and Viewing

iii. Advantages of Opting for OTT Platforms Over Cinema Screens

When considering the motivations and psychological factors behind the audience's preference for OTT platforms, one prominent reason is the convenience of accessing OTT on various devices such as smartphones, laptops, and Chromecasts. This aspect garnered significant support, with 35% of the votes (Fig 3). Individuals are opting for OTT platforms because of the convenience and effortless accessibility they offer. 26% of the respondents are very motivated by the diverse range of information offered in comparison to Cinemas. The pricing of cinema tickets also impacts individuals' inclination to transition to OTT platforms. Essentially, in addition to the convenience and ease of binge-watching, the cost of material is also a significant consideration, and OTT platforms are seen to be a more affordable option compared to cinemas.

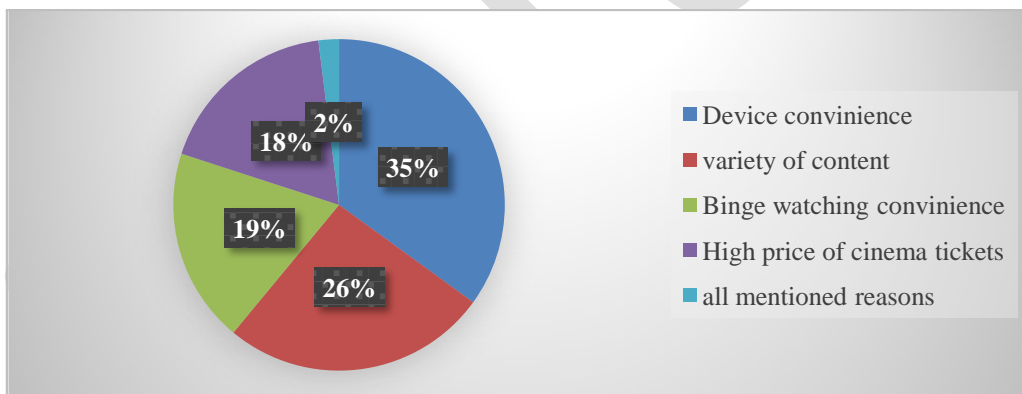


Fig. 3: Advantages of Opting for OTT Platforms Over Cinema Screens

iv. Advantages of Watching Movies at the Cinema

Furthermore, it is crucial to comprehend the psychology and reasoning behind individuals' decision to choose cinemas. 46% of the survey participants expressed a desire for the immersive 3D, IMAX, and 4DX experiences that are now limited to movie theaters (Fig. 4). Furthermore, individuals opt for Cinemas for their exceptional ambiance (22%) and immersive theatrical experience, as well as the superior video and audio quality (32%). OTT platforms have successfully replicated high-quality video and sound. The atmosphere and the IMAX 3D or 4DX sensation are likely to continue being a strong advantage for Cinemas in the foreseeable future.

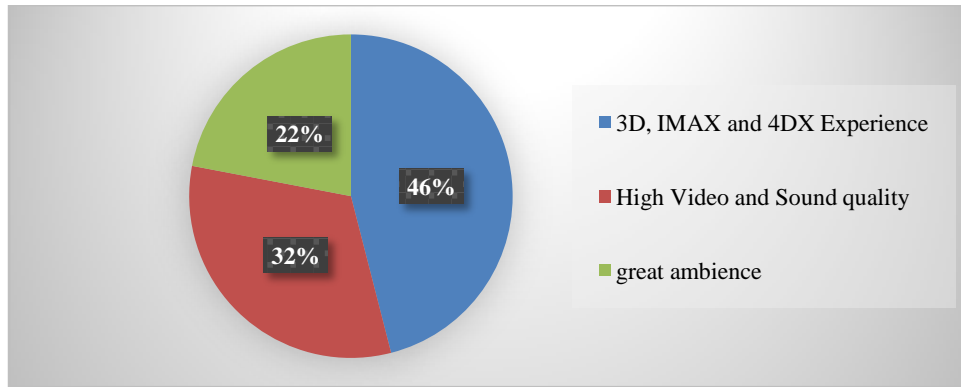


Fig. 4: Advantages of Watching Movies at the Cinema

v. Preferred OTT Content

The primary content consumed on OTT platforms consists of movies and web series, as indicated by approximately 85-86% of the respondents. One-shot films as well as documentaries also attract a portion of viewers, comprising 30-31% of respondents. Movies & web series dominate the content available on OTT platforms, as seen by the high percentage of these types of media in their libraries (Fig. 5).

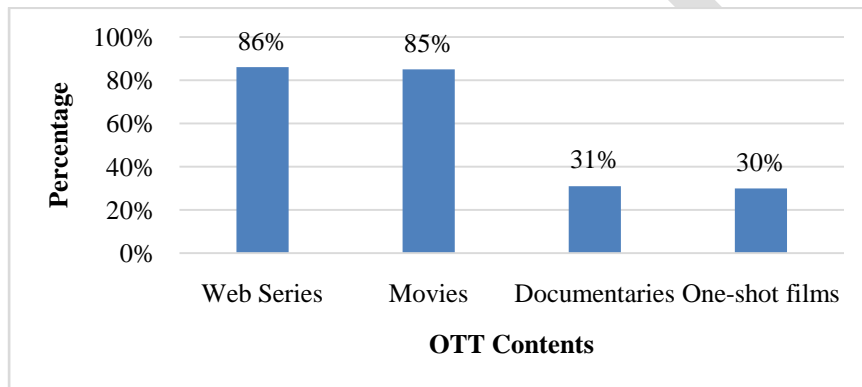


Fig. 5: Preferred OTT Content

vi. Assessing the Worth of Current OTT Subscription Prices in India

Regarding the cost of OTT platforms, a significant majority (68%) believe that the subscription fees established by the leading OTT providers in India are reasonably priced (Fig. 6). It is accurate to state that all platforms are delivering valuable content that justifies their subscription fees. However, 31% of individuals express the opinion that OTT subscriptions are excessively costly. Furthermore, the perception may be influenced by the fact that certain platforms, such as Netflix, exhibit a greater expense in comparison to Disney+ Hotstar or Prime Video.

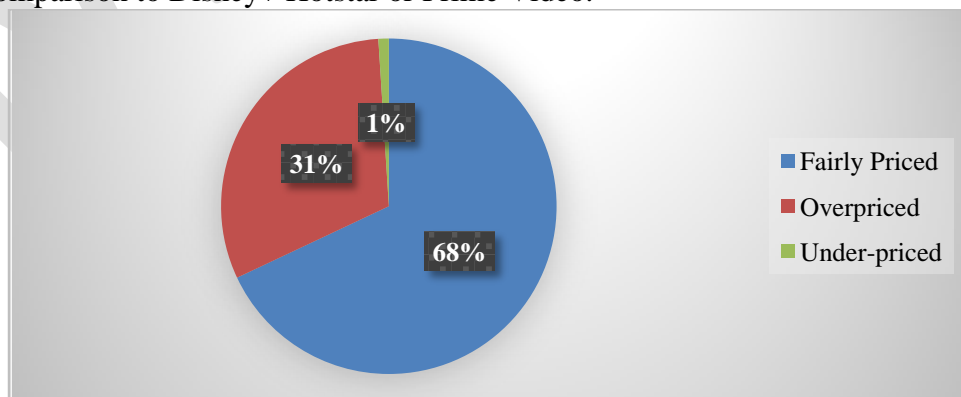


Fig. 6: Worth of Current OTT Subscription

vii. PVR-INOX Merger: A Strategic Move to Outshine OTT Platforms in the Cinema Industry

The merger of two dominant entities, namely PVR and INOX in the Indian cinema screening sector is a significant alliance aimed at challenging OTT platforms and potentially enticing audiences to return to cinemas as their preferred mode of movie consumption. According to the poll findings, around 49% of participants expressed uncertainty on the success of this merger in achieving its objectives. However, 39% hold the strong conviction that the combination will be unable to halt the OTT trend and will not achieve success in regaining market share. Merely 12% of participants have confidence in the financial stability of cinemas, indicating the widespread shift towards OTT platforms (Fig. 7).

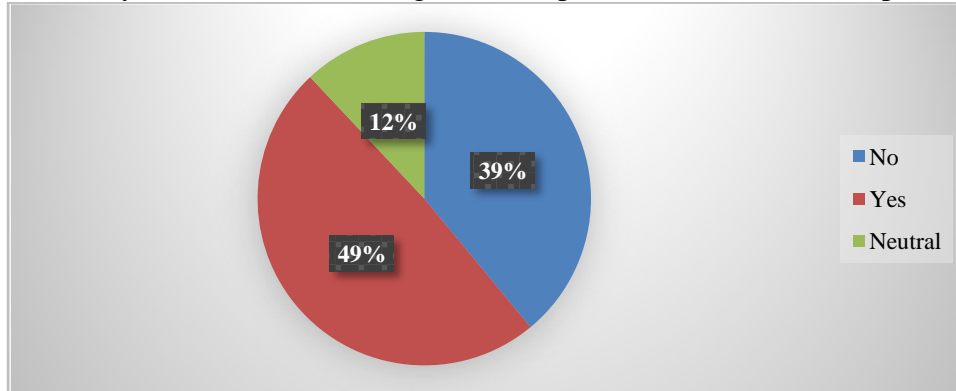


Fig. 7: Perception of PVR-INOX Merger

viii. Preference Between Cinema Premiere and OTT Release

The survey the respondents were asked whether they would prefer to watch the movie in cinemas or on OTT. The results showed that nearly 76% of the respondents chose to watch it on OTT instead of heading to the cinemas (Fig. 8). This indicates a significant change in consumer behavior and the industry landscape, as people are now more inclined to buy subscriptions of OTT and enjoy movies at their convenience, rather than opting for pay-per-view screenings at cinemas.

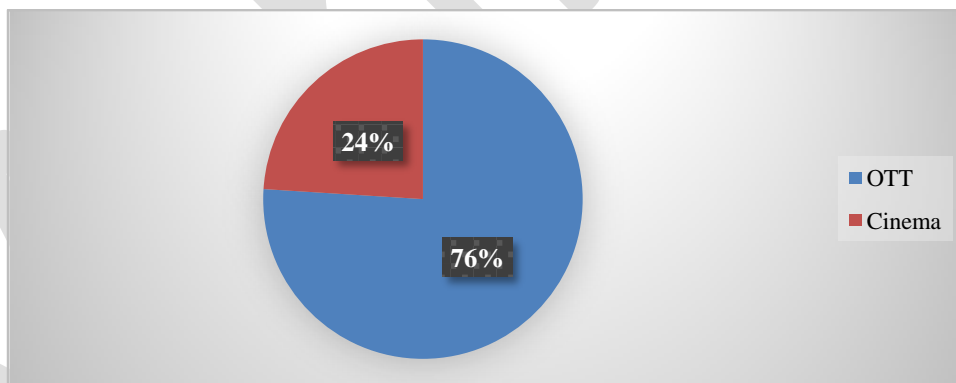


Fig. 8: Preference Between Cinema Premiere and OTT Release

The survey data confirm several fundamental elements that were hypothesized prior to formulating the research goals. These factors encompass the psychological influences that have caused a change in consumer behavior within the entertainment business, as well as the rise in viewership of OTT platforms due to the widespread availability of smartphones and internet access. The primary factor driving the preference for OTT platforms among digital content watchers is the compelling combination of enhanced convenience and more favorable pricing compared to cinemas. Moreover, this tendency possesses a solid basis to persist in its ongoing expansion. The proprietary advantage of Cinemas is in the exclusiveness of the theatrical experience offered by 3D, IMAX, and 4DX technology. With intelligent methods and marketing, they have the ability to attract a significant number of viewers in the market.

5. Conclusion

The study sheds light on a significant change in consumer behavior in the entertainment sector, specifically the move from traditional theaters to over-the-top (OTT) platforms. Over 75% of respondents indicated that they preferred OTT platforms, which highlights a dramatic shift in how people consume digital material. This change is being fueled by a number of causes, including the ease with which content can be accessed across many devices, financial concerns, and the wide variety of content that OTT platforms provide. Cinemas continue to thrive in spite of the dominance of OTT platforms because they offer special benefits including immersive 3D, IMAX, and 4DX experiences. Nonetheless, the analysis shows that the ease of use, cost, and diversity of material offered by OTT greatly influence its appeal to users. The results also underscore the possible difficulties that movie theaters may encounter, as many respondents expressed doubts regarding the PVR-INOX merger's ability to successfully buck the OTT trend. The study highlights how vital it is for the entertainment sector to adjust to changing consumer tastes. Even though OTT platforms presently have a significant advantage, movie theaters have unique traits that, with careful planning and modification, could allow them to reclaim market share. The study's findings offer a sophisticated understanding of the interplay between theaters and over-the-top (OTT) platforms, making them an invaluable resource for industry stakeholders. This research establishes the foundation for predicting future trends and directing the direction of the entertainment business as it unfolds.

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