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## **OTT V THEATRE: ANTICIPATING TRENDS POST PANDEMIC**

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### **Introduction:**

The outbreak of COVID–19 was an unprecedented crisis which has left all of us in the midst of a new reality. It has undoubtedly proven to be an unforeseen and massive disruptive force for a number of existing models of business and industries, bringing with itself a daunting time requiring extensive care and caution. While a massive number of industries were hit quite drastically, certain industries which were dependent on supply chains functioning on a global scale as well as manufacturing for such chains functioning on a global level have witnessed sharp fall in margins of their profit. Similarly, the cinema and theatre industry has also seen drastic dents in margins of their profit (Sonal T. 2020, p. 2).

Even OTT industry is not untouched. Even though in the short term the OTT industry has witnessed huge growth in viewership as well as subscribers, the service providers are fearful of the fact that content is limited and the production has just resumed – which paired with the recession which is a proving to be a huge threat, might ultimately lead to un-subscriptions in huge numbers. This in turn is feared to lead to major job cuts and erosion of margins of profit once content dries up in the day and age wherein content is touted to be the “king”.

Currently, with cinema halls opening up at restricted capacity and the looming threat of contracting the fearful disease, the general citizens are wary and are preferring to stick to OTT service providers only. Quarantine and self-isolation have resulted in surge in the consumption of media whilst sitting at home, using the entertainment services like that of gaming as well as on demand video streaming (Sonal T. 2020, p. 2). This has proven to be a threat to the traditional cinema industry, with the fear that this habit-forming behaviour might cause the death of the cinematic industry. In this present paper, we will divulge in the study of the changing trends in relation to OTT and theatres, with focus on the scenario existing after the pandemic, which was triggered by the novel coronavirus.

The present paper has been drafted on the basis of secondary research. Varied reports published by consulting giants like Deloitte, PricewaterhouseCoopers, BCG were referred to whilst mapping and analysing the varied trends which have been noticed with respect to motion picture theatres as well as over the top media and entertainment platforms, in the post pandemic world.

### **Literature Review:**

Media and entertainment industry and their plight during the tumultuous times of the novel coronavirus drew the attention of number of industry leaders as well as consulting firms. Their opinions with respect to how the industry would fare post the pandemic which was triggered by COVID-19 were poles apart. While some theorised that the rise of over-the-top media companies over the traditional ones was long over due, the pandemic merely accelerated the process, some (majority) were of the opinion that the time for the two beloved mediums to exist together in harmony had arrived. The latter group vehemently denied that the pandemic might spell the end of the golden era of motion picture theatres. It was interesting to note how divided the opinions of people within the same industry were. The reasoning behind both of the opinions is something which is absolutely undeniable.

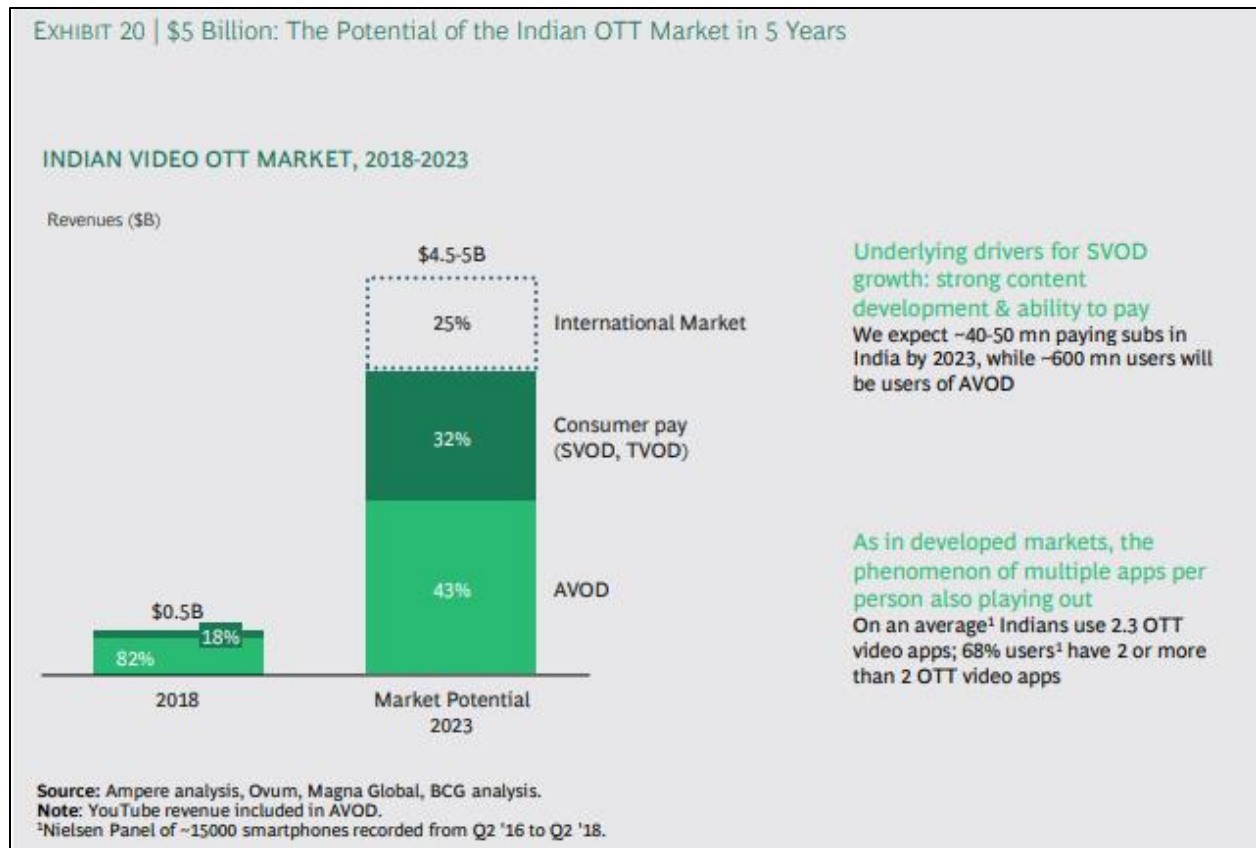
The fact that it was anticipated one day that we would be having this conversation of whether the traditional motion picture theatres would survive in the face of the over the top industry, is something which none of us can deny (Horn J. , 2020, p. 2). On the top of it, it is absolutely undeniable that forced to hole up in our homes, we did indulge into often binge watching.

However, this does not and cannot spell the end of the golden era of motion picture theatres. The reasoning that this phenomenal jump in OTT subscriptions was something temporary, is an opinion backed by hard facts offered by varied consulting groups (this has been discussed in detail in later sections). It was opined that the traditional models of business will once again take precedence in minds of consumers once the restrictions imposed due to the pandemic which was triggered by COVID-19 was done with and consequently, time of co-existence of OTT and motion picture theatres would take over. (Sharma K. , 2020, p. 3).

### **Growth of the OTT Industry:**

The emergence of the over-the-top media service have gone on to disrupt the sector of media and entertainment. The growth of the over-the-top industry is effectuated by the sharp spurt which has been noticed in growth of the living standards, coupled with the connectivity of the Internet which is available almost everywhere and is becoming more and more affordable, the fast-changing consumer preferences and the rapid paced evolution of smartphones. Content has, now, emerged to be the king and with OTT platforms offering it to be personalised, the golden opportunity of it being distributed in a much wider focus has attracted producers and the audience alike.

A recent study by the Boston Consulting Group indicates projection that the OTT media industry in India, which stands at 0.5 billion dollars at the moment, would see a surge in growth and reach 5 billion dollars by the year 2023 (BCG, 2018, p. 21). The two factors touted to be the propelling factor for this growth being convenience it affords to its client as well as the factor of affordability. This rapid growth is being termed as the “OTT Revolution”.



### Source: BCG: Entertainment Goes Online A \$5 Billion Opportunity

There is no doubt that the industry has had a transformative effect in the sense people have been in the habit with respect to the consumption of media. The 2000s witnessed the explosion of the spurt in the infrastructure used in internet as well as the mobile connectivity which in turn resulted in the rise in popularity of these media services. According to a survey by Deloitte Insights, 68 per cent people now are subscribers to at least one of the huge number of OTT platforms, as compared to the 65 per cent people who use pay TV subscriptions (Deloitte Insights, 2020, p. 100).

Consumer spending trends are leaning in the favour of streaming service providers. Three out of every four users in India have been noticed to prefer watching a motion picture on the varied over-the-top (OTT) service providers' platforms during these tumultuous times when we are physically distant, in contrast to merely one out every four users who have been noticed to still physically visit a movie theatre. This was noticed in a study conducted by MoMagic which is a service provider for distribution of apps (IANS, 2020 p. 1).

In a recently published report, which is comprehensive in nature by Research Dive has delved into the discussion with respect to the impact of the current COVID – 19 was an unprecedented crisis on the industry of OTT. An astonishing statistic which tends to stand out is that, while the OTT industry made a CAGR which is also called the Compound annual growth rate of around 16 per cent, before the current COVID – 19 crisis, has now, post pandemic seen a huge jump in the Compound annual growth rate which is now projected to be more than 19 per cent. This huge propulsion in the growth is now expected to push forward the value of the entire industry to an

astonishing \$438.5 billion by the year 2026. Before we were hit by the current COVID – 19 crises, this figure of growth was projected to be tad bit shy of four hundred dollars billion by 2026. It is safe to say that the current COVID – 19 crises have proved to be an extremely positive influence on the whole OTT industry. Consumers whilst staying at home have been indulging in more and more of content on the varied OTT platforms, much more than ever thought before, which has pushed forward the traffic on such platforms.

However, a pertinent question which does come up at this juncture is what is so special about OTT platforms which has resulted in such huge surge in their popularity.

Varied factors, which are huge in number, have had a role to play in bringing OTT to this level of immense popularity amongst the consumers. To name a few such reasons include the quality content on OTTs which is considered to be premium, variable pricing models which have been designed to suit varying budgets of users, low data prices, and currently, the pandemic which has been triggered by the novel coronavirus which soon turned global and spread its tentacles all over the globe. (Adhikari K. 2020, p. 2).

OTT caters to the taste of the younger generation of current time to whom the content played by the traditional TV industry is not which is even slightly resembling to their liking. The shows which are showcased by the traditional industry fail to fit into their mold of what is entertaining, and for such generation, such traditional channels are subpar and miserably fail deliver content which could be called to be “quality”.

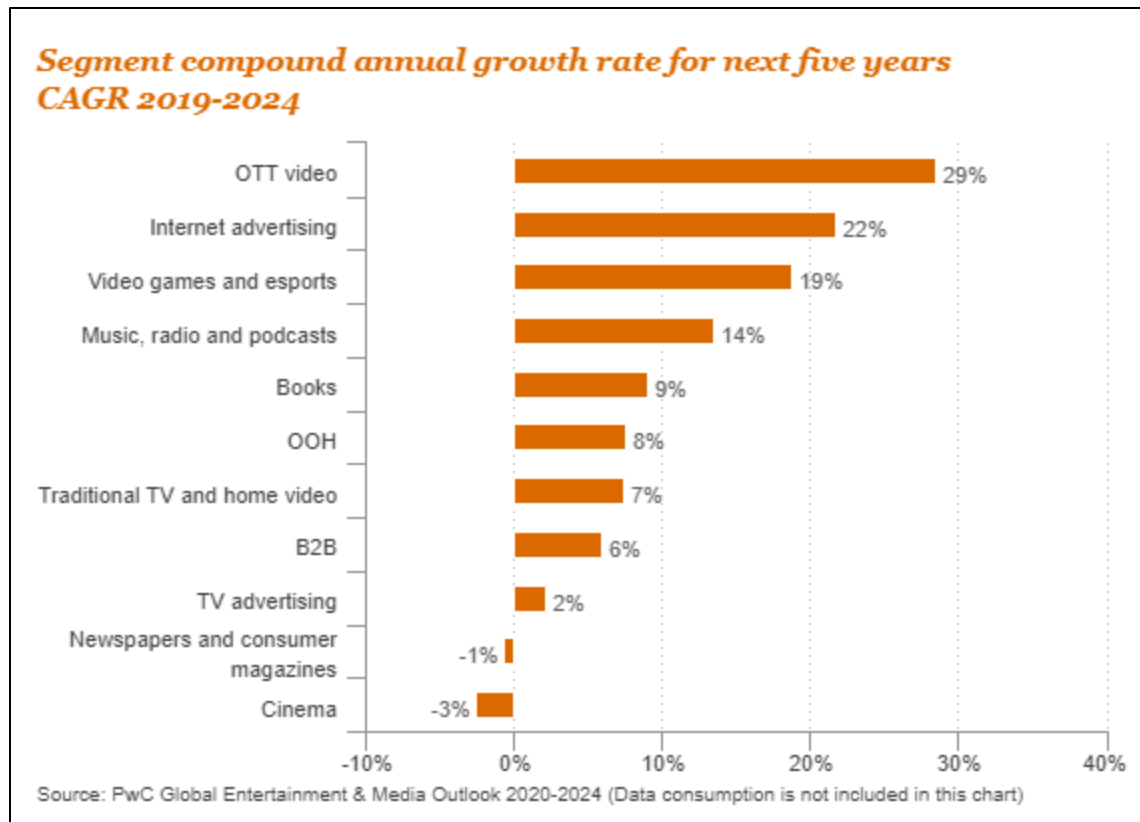
On the other hand, the huge number of OTT platforms showcase movies and shows which are on the face of it more thought-provoking, relatable, and radical for the younger generation of current time. In turn, individuals, in totem, are starting to switch over to such OTT platforms- which meant massive number of consumers ended up un-subscribing from their traditional suppliers of DTH.

In the present time, a huge share of content being streamed on OTT platform tends to revolve around such stories which resonate with people since they tend to be much closer to the real life. Around some twenty years ago, content which was set in abroad setting used to hold the attention of the audience. However, if one gives a close look at the content which is being showcased for the last three to four years, it comes out clearly that the content is mostly set out of small cities and towns of the country. (Adhikari K. 2020, p. 3).

Stories which show case the country since they are scripted around settings such as Kota, Agra, Bhopal, and Kanpur have managed to attract the audience since they tend to delve into such actions of the characters which tends to reflect the reality. OTT has managed to emerge as the consumers’ viewing time which is viewed as personal, and it is this time which is viewed as personal which the viewers wish to use to view the content which they consider to be real, even if it is too bleak. It is such storytelling art which has and will, most definitely continue to shape the dynamics of content belonging to the world of OTT. Thus, it can be said that the content aired on OTT tends to lie somewhere between films and TV. (Adhikari K. 2020, p. 4).

### **Is it the death of the traditional theatres?**

While it is undeniable that cinema or theatres have been badly hit by outbreak of COVID – 19 was an unprecedented crisis, as evidenced by the graph below, it cannot be said that the game is over.



**Source: PwC Global Entertainment & Media Outlook 2020-2024.**

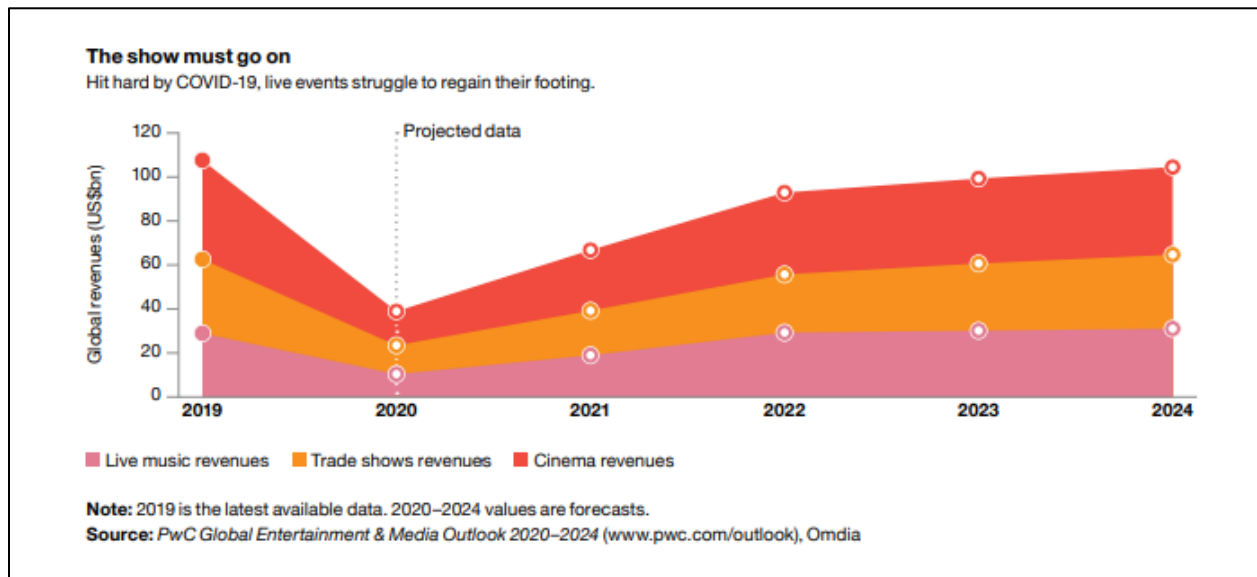
The novel coronavirus was able to do something two world wars could not do – it managed to close down cinema halls. However, as Mark Twain said, the reporting of the death of the grand cinema has always been something which was highly stretched. First the threat was the invention of television, then the advent of the home video, then the games played on computer, the interactive movies, the influx of the illegal downloading of the movies and most recently the virtual reality which has “threatened” to be game over for the big screen. (Zhao K. 2020, p. 1)

There will definitely, always be people who would crave to get out of their homes (a craving heightened by the lockdown induced by the pandemic), buy expensive popcorn and experience the larger-than-life cinematic dynamism. In the longer term, a shift does not seem viable. It is only due to the difficulties posed in the current times that we have had to go for this shift. (Zhao K. 2020, p. 1)

According to experts, almost certainly, this is not the end of the theatres. According to them, the audience has a sentimental as well as emotional attachment to the whole experience of the theatres and cinema which started from their childhood and will, most definitely, rush back to the theatres and cinema as soon as it is medically declared safe to do so. It is undeniable that in the meantime, this uncertainty which is faced by theaters will continue to exist as long as coronavirus remains an eminent threat and prevents people from getting together indoors in huge numbers- which in turn definitely means a longer than anticipated time of this upheaval.

As CJ Bangah who is the PwC principal said, cinema has been hit badly this year. PwC is not projecting any revenue for the industry in order to be able to come back to the level at which

they were before this pandemic hit – until 2024. There is not an ounce of doubt that the provision of access early to blockbuster films along with the nostalgia which comes with the big theater experience, have together played a beautiful role in propelling us to the cinema halls in the past. But this does not and cannot mean that cinema is unrivalled and will not face any fresh challenges in the form of competition posed by the entertainment options offered to the consumers whilst lounging in the warm corners of home. Innovations like that of Augmented Reality and Virtual Reality along with the bold performance of number of movies which have been released directly to digital platforms continues to challenge the common sentiments surrounding when and how common people would want to indulge in content offered by cinema. (Linnane C. 2020, p. 3)



**Source: PwC Global Entertainment & Media Outlook 2020-2024.**

All this being said, stepping out of the house in order to unwind and socialise whilst indulging in a movie experience is something which is ingrained in the very social fabric of our incredible country. Moreover, the food which some people consider to be “gourmet” along with the escapism experience are viewed as accompaniments to the whole experience of viewing movies at the cinema still incredibly attractive. It serves as a huge amount of revenue for the motion picture. The route of box office continues to exist as an option considered to be viable for both the companies creating content as well as the cinema halls, if the track record of past times are considered to be correct, be it operating profits, occupancy, revenue or footfalls. It tends to serve as the measurement metric considered to be most important while judging whether the motion picture has been successful or not. It is highly questionable for movies which are endowed with humungous budgets to opt for a route which is based on over-the-topplatform- merely, in the forthcoming foreseeable future- until and unless something which is of unique nature with respect to the content in question, in relation to certain platform of such type emerges. (Sharma K. 2020 p. 2)

Both of the mediums, in question herein, at least for now, are able to hold on to their unique selling points with their unique way of doing things along with the fan following which is attached to them. The two mediums, in question herein, while offering content which is deemed

to be similar in nature are able to differentiate from the other through the consumer variables and purpose- both of which are vastly divergent. One may prefer the theatre experience whilst watching 3D animation or for releases touted to be much-awaited, but one would definitely fall back to OTT platforms for more On-The-Go content like that of web series, podcasts, documentaries, history, special interest content, or interviews. It is much better to comment that OTT has had an impact on the ongoing television viewership rather than on the experience offered by theatre. (Sharma K. 2020 p. 2).

The younger generation of current time is more and more on the lookout for content which is engaging, relatable, and fresh and for this they are more than happy to pay an extra penny in order to be able to enjoy an experience which they deem to be completely transformative in nature. This need for better experience by the consumers will, no doubt, continue to be at the centre of attention for the entertainment industry. Hence it would be extremely wrong to stretch the truth of the impact brought forth by the OTT platforms and try to show case as if it is the end of the viewing of theatres for motion picture. However, it is definitely safe to say that customers of the current time have a huge number of viable options in front of them on the table. (Sharma K. 2020 p. 2).

### **What does the future hold?**

Looking at the current trends, it is imperative to try and understand what does the future hold for the media and entertainment industry. For this, following facts must be noted:

- Despite the indisputable fact that OTT revenues with respect to subscription has grown by one hundred per cent, broadband subscriptions have also seen twenty per cent growth with over four million new connections of smart television sets and the year 2019 saw the best ever year in terms of revenue with footfalls in the cinema halls. (FICCI-EY, 2020, p. 139).
- While some people continue to observe OTT platforms as the enemy of the cinema industry in totem, it is just as true that OTT platforms tend to push people to cinema halls, most particularly the audience which is the fan of the older sequels of the movies which are franchise in order to watch the new release. (FICCI-EY, 2020, p. 139 ).
- The industry norms which have been established are, without an ounce of doubt, being continuously challenged but till the point certain window of reasonability is maintained, experts believe a healthy balance between OTT platforms and cinema or theatres can be struck. (FICCI-EY, 2020, p. 139 ).

Though the audience is currently into the whole idea of accessing content whilst sitting in the warm coziness of their houses, a recent study which was carried out by BookMyShow has went on to reveal that fifty-four per cent of people from Indian are still looking forward to stepping out of their homes in order to be able to experience their favorite cinemas once again- within the short span of fifteen to ninety days of the lifting of the lockdown restrictions. Moreover, US BOC has shown tremendous growth at a Compound annual growth rate of close to 3% from the year 201 to 2019, despite the intimidating presence of OTT giants like Hulu which has been in existence since 2008, Amazon which has been in existence since 2005 and Netflix which has been in existence since 1997. Such case studies inspire confidence in the traditional industries and suggests that the two platforms being discussed herein i.e., over the top platforms and theatres are entirely different mediums of watching content and can exist together in harmony. (Lohoty p. et al, 2020 p. 4)

Viewing the dynamics of the film industry of the country, it is felt that in the short term, direct to digital reality seems to be a viable solution which is a win-win for both the producers of film and the OTT platforms since some of the producers of the film might be engaged in the struggle of liquidity, along with the pertinent delay of monetization- which put together would be putting a significant burden in financial sense, on them. Additionally, with the lack of clarity and certainty with respect to the re-opening of the cinema theatres, and on the top of it the uncertainty that even when they do open, whether there be would footfalls in desired quantities. OTT platforms, on the other hand, are vying for content for their subscribers' base which is increasing who tend to spend more and more time in the warm coziness of their houses.

Looking at the long term, in addition to the ever-growing market of the OTT streaming companies, there is a fresh prospect of emergence of Pay Per View which is also gaining footfalls in the country, similar to their growing popularity in the west. The Reliance conglomerate owned Reliance Jio has brought forth the claim of being able to showcase 'First Day First Show' on their platform JioCinema. It would certainly be interesting to understand if or when and how the giant is able to execute it. Moreover, it is popularly believed that direct to digital reality would have its own growth share in the future which is not predicted to lead to any kind of shift in the paradigm model of business adopted by the theatres or cinema chains. It can be said, with most certainty, that theatres or cinema chains and OTT will be able to strike a healthy balance and continue to grow profitably in the form of alternative channels for watching content with the difference being that one would offer the warmth and comfort of the home of the consumer while the other would offer the experience of larger-than-life cinematic dynamism. (Lohoty p. et al, 2020 p. 3)

### **Conclusion:**

The big 4 giant PwC has noted that the country India is in possession of the highest potential of any of the markets around the globe and surge of the rate of growth will see total video revenue earned from OTT overtake Germany, Australia and South Korea to leap to be the market which is the sixth-largest in the year 2024.

While the OTT industry has transformed the manner in which people have been accustomed to the media content, it cannot be said that the cinema industry is dying. The proliferation of the over-the-top platforms have tended to evoke massive apprehension amongst the filmmakers who consider this proliferation to be the final death blow for experience offered by theatres.

Platforms with the USP of video streaming have definitely made experiencing motion pictures affordable, convenient as well as something we can watch while we are traveling, more so for the population which prefer to binge-watch. However, one cannot forget the provision of access early to blockbuster films along with the nostalgia which comes with the big theater experience, have together played a beautiful role in propelling us to the cinema halls (Linnane C. 2020, p. 3). If nothing else, the future will see a harmonious balance being struck between the two mediums.

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