

Impact of COVID-19 and Online Streaming Services on the Movie Theater

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Abstract

Movie Theaters in India face a big crisis amid COVID-19, which leads to the shutdown of Theaters for more than five months. In the meantime, Online Streaming Services are expanding their business and revenue like never before. This scenario raises the very prominent questions (1) whether the movie theater business will survive this hard time and get back to normal growth and business once COVID-19 cases will reduce. The situation gets back to 'old normal'. (2) Will Online Streaming services and Movie Theater business co-exist in the future, as Satellite TV and Movie Theater exist for many decades. Based on data from an empirical survey conducted among regular moviegoers, this paper questions the claims of the industry that the Movie Theater business is in danger due to the emergence of online streaming services. It has been observed that the increase in traffic on these online streaming services is mainly because of the lockdown situation, and once theater reopens and the COVID-19 health crisis went, people will get back to Theaters in a large number. Data from the reopening of Theaters in other countries are also showing the same result.

Keywords

Movie Theater, Covid 19, Online Streaming Services, Coronavirus, Netflix, OTT, New Normal, Online Survey, Box Office.

Imprint

Mohd Akram, Pravin Kumar Bhojar. Impact of COVID-19 and Online Streaming Services on the Movie Theater. *Cardiometry*; Special issue No. 25; December 2022; p. 627-632; DOI: 10.18137/cardiometry.2022.25.627632; Available from: <http://www.cardiometry.net/issues/no25-december-2022/online-streaming-services>

Introduction

COVID-19 has affected almost every industry and sector in one way or another and the entertainment industry is no exception. In India, many Theaters were closed even before Lockdown 1, which started on 24 March 2020. Since that time, all Theaters are closed. There is no news of re-opening Theaters because coronavirus cases are increasing at an increasing rate. While Online Streaming Services like Netflix, Amazon Prime Video, Disney+Hotstar, etc., benefitted from this situation, as people are locked in their home and for entertainment, they are getting everything at their home comfort [1].

Even before the COVID-19 pandemic, many experts believed that the Rise of Online Streaming services is a serious threat to the industry after Web Series success like Sacred Games, Mirzapur, Inside Edge, Family Manages, etc. However, this was not a problem because there was good revenue coming from the theatrical business too. However, during a pandemic, the public's habits got changed. Online streaming services added a large chunk of subscribers and audience in these times, which poses a serious question of whether people will get back to movie Theaters like how they used to visit? What changes could we expect in the forthcoming days due to the expansion of the online streaming business? [2].

This paper is structured in the following manner: This short introduction is followed by Data and Facts about Rising in Online Streaming Services from a study conducted by BARC and Nielsen. Afterward, it refers to various interviews and statements of several industry experts, directors, exhibitors, and producers. They think about the impact of COVID-19 and online streaming services on the movie Theater. The next part of this section provides an overview analysis from the empirical online survey in India. This section also takes some data from media reports, like Ormax Media. The next section puts forward some pragmatic suggestions for the Indian movie Theater chains to address public health and appropriate measure. The paper concludes with some closing remarks and points out the limitations of this study and future research scope [3].

Literature Survey

The Rise in Online Streaming Services (OTT)

According to Boston Consulting Company, The Indian online streaming market is expected to grow to \$5 billion in 2023, from \$500 million in 2018.

Although various reasons drive the growth of online streaming services in India, the biggest credit undoubtedly goes to the introduction of Jio Telecom Services in 2016. This incident opened the gate for foreign players like Netflix, Amazon. It boosted Indian Players like Hotstar and introduced new platforms like MX Player, Zee5, etc., which hold a significant market in India [4].

As per eMarketer's (a subscription-based online research company) report, in 2019, consumers spent about 82 minutes a day while streaming online, which grows to 92 minutes in 2020. The global entertainment market is expected to grow to \$688.7 billion by 2024; in the projected 2019-2024, it will grow at the rate of 19.1 CAGR.

COVID-19 situation increased content consumption across the globe, and India is no exception. US-based data analytics company Nielsen and the Broadcast Audience Research Council (BARC) has published the third edition of its study on TV and mobile use. This study considers all the streaming giants in India like Netflix, Disney+Hotstar, Amazon Prime Video, MX Player, Voot, and Zee5 [5].

A BARC and Nielsen study predicts an increase of 96 percent in the user base and a 7 percent rise in time spent on streaming services. Rohit Jain, Managing Director of Lionsgate South Asia, said streaming services witnessed an 80 percent rise in streams in May 2020 compared to March 2020 [6].

Survey also shows that consumer spends 32 percent more time watching the platform's original show, like Panchayat of Amazon Prime Video and Special Ops of Disney+Hotstar. There has also been a 52 percent rise in the films seen in the middle of the shutdown due to the closing of cinema halls [7].

Here is the overview of the Netflix, Amazon Prime, Hotstar, MX Player, Voot, and Zee5 analyzed by BARC during the lockdown period in India:

Netflix: eMarketer analyst Eric Haggstrom said, "Netflix is least affected by COVID-19" and will continue to flourish in the coming days. They give an estimated figure of 2.3 million new subscribers joining Netflix in the lockdown period, compared to only

5,50,000 new members in the last months of 2019. Netflix has more than 182 million subscribers worldwide. According to Statista, the estimated revenue in 2020 for Netflix India will be 328.3 million US dollars compared to 179.41 million US dollars in 2019 [8].

Zee5: The Zee5 has witnessed an increase of more than 45 percent in viewership; also, the subscriber base increases by 80 percent during the lockdown. Zee5 CEO Tarun Katial said, "With Daily Active Users (DAUs), viewing time has increased by over 50 percent, and app downloads have also increased by over 15 percent.

Amazon Prime: The Prime Videos had more than 150 million subscribers worldwide in January 2020, which has grown to more than 400 subscriptions as of May 2020. The overall company increased by 189 percent, and the subscription increased by 67 percent.

MX Player Online: MX Player is a Times Internet proprietary video-sharing app. It is emerging as the fastest-growing online streaming platform. In this lockdown period, this platform gets 8 percent unique users. Total users were 130 million in February 2020, which rises to 141 million during the lockdown period. Time spent on the platform also rises by 23 percent. MX player runs on an ad-based revenue model compared to Netflix, Amazon Prime Video, which has a subscription-based revenue model [9].

While many sectors collapsed during the COVID-19 lockdown, but Online Streaming Services have a great time during this period. It flourishes like never before and gives a sense of happiness and a reason to celebrate by the people associated with this industry.

Experts and Industry People's Opinion on Impact of Covid-19 and Online Streaming Services on the Movie Theater

Renowned Indian Film Director S. S. Rajamouli, in an interview with trade expert, Komal Nahta explains why he thinks there will be no harm to the movie Theater business in the future once the lockdown gets over and Theater reopens. He emphasizes that movie Theaters, Online Streaming Services, and Satellite TV will continue to exist and serve different audiences as it is. He said once the Theaters open, and the audience will come in huge numbers because they get an altogether different experience, which they cannot get anywhere else. They will come to the Theaters not because of good movies, but to take a different experience and

experience it with many people, which is irreplaceable because humans are social animals and, therefore, they would want a social experience. He also said that when people get back to Theaters, they will be more evolved and have a great sense of cinema and stories because most of them watched different kinds of content from across the globe. Therefore, filmmakers, too, need to evolve and should make good content and serve the audience [10].

In his TED Talk, Film Exhibitor & Distributor Akshaye Rathi said, 'The Impact of OTT Platforms on Cinema' emphasizes that watching movies in the Theater and watching anything on mobile and laptop are two different things. He gives three reasons and instances when watching films on Theater is a great experience. First is the movie's big-screen experience, like Avengers, Spiderman, Bahubali, etc., which has an altogether different experience in Theaters. Second, the immersive experience of horror and paranormal activity movies gives in-the-moment experience to people, which cannot be replicated on mobile phones or television screens. The third is the collective viewing experience in watching movies of favorite superstars. Once the audience is sitting with a whole bunch of people, who also admire the particular superstar, in the same manner, the celebration is different. He said these are the things that differentiate watching good content anywhere. Watching it on the big screens and the cinema is here to stay [11].

Recently, Akshaye Rathi said that there was OTT and Cinema even before COVID-19. However, if you put Big Ticket Films, like KGF2, RRR, Sooryavanshi, there is no comparison between these two platforms. He further added that people watching Online Streaming Services would end, as negligible content is being made for all the platforms. Therefore, COVID-19 would affect OTT too.

Bihar-based exhibitor Vishek Chauhan has a different opinion. He said that digital content affects cinemas in a big way because they are bombarding with too much content and breaking the habit of going to the Theater.

An exhibitor from Purnia, Bihar, worried about the convenience and comfort provided by Online Streaming Services. He said people could watch unlimited content at the choice of their time, which is very luxurious. That kind of comfort cinema cannot give to anyone.

Some people believe that theatrical experience will always win over home Theater experience because it

provides socializing elements and experience, like a date, anniversary, or a birthday. People are social beings, and they continue to enjoy things together. Cinema provides that option and ways to explore things.

Nitin Datar, President of Cinema Owners and Exhibitors Association of India, thinks the opening of Theaters should be in stages; Chauhan said that creating an atmosphere that inspires people to come to the Theater would be a challenge [12].

Research Methodology

Expected Theater-Going Behavior in India Post Covid-19

Because this is a behavior study of the audience, we needed real-time data directly from the moviegoers. We look for media agency reports from agencies like Ormax Media and Motion Pictures Association.

The author conducted an empirical study, mainly on students in the age bracket between 20 and 30.

Based on Ormax Media report titled, 'Back to Theater,' where the firm had taken responses

- 1,000 regular movie Theater-goers
- Every respondent was above the age of 15 Years
- Demographic profile was selected as per 2019 Box Office footfalls (number of people who visit to watch the movie in Theaters). It included Three Languages, Hindi, Telugu, and Tamil, in 58 cities & towns in India.
- The survey was conducted in May 2020 in an online format. The result from the empirical study conducted by the author with 130 respondents, where
- 125 respondents were in the age bracket of 20-30.
- 114 were students.
- 88 respondents were males and 42 females.
- Let us talk about the frequency of going to a movie Theater. Only six people were going every week, 25 people twice/thrice a month, 37 people once in a month, and the majority of 62 people were going once in 2-3 months.
- When we asked them which streaming platforms they use more often, the top four appeared: YouTube, Amazon Prime Video, Netflix, and Disney+Hotstar.
- In answer to the question, did you take a subscription after COVID-19 Pandemic, 53 people (40.8%) said yes, and 77 people (59.2%) said no.
- In response to the monthly cost for these streaming services that they have taken, 34 people (26.2%)

said they are using them for free, eight people (6.2%) said they are paying less than Rs. 100, 31 people (23.8%) said they are paying between Rs. 100 and 200, 35 people (26.9%) said they are paying between 200 and 500, and 22 people (16.9%) said they are paying more than Rs. 500 per month.

- In response to a question about what they watch more often with the help of these streaming services, 111 people (85.4%) said they watch movies, and 107 people (82.3%) said they watch web series content.
- In response to a question, how regularly do you stream videos online, 84 people (65.1%) said they stream daily, 32 people (24.8%) said they stream few times a week, rest 14 people chose other options that imply that people are streaming web content on a very frequent basis due to COVID-19 lockdown.

According to this survey, only 57.7 are already missing going to the Theater, which is less than Ormax Media Reports. The difference between Ormax Media Report and this survey is that it includes frequent moviegoers, and took input from people who visit movie Theaters occasionally.

- 86.2% agreed that their watch time increased during this lockdown period.
- People are not in favor of opening Theaters again. 63.1% of people think Theaters should shut down until the COVID-19 pandemic is going on.
- In response to whether they will start going to movie Theaters if it reopens, only 26.2% of people are ready to go. The main thing to notice here is, it is not negligible. Even during the pandemic, and when they are getting entertainment at their home comfort, more than one-fourth of people still want to go to movie Theaters.
- In response to a question, whether they like to watch movies in the Theater or at their home comfort, only 14.6% of people like to stream at home, whereas 77.7% think both have their benefits.
- 89.2% think that the movie Theaters and online streaming services will co-exist and grow at the same time shortly, which indicates that the impact of COVID-19 and the Rise of Online Streaming Services are not strong enough to push people back from not going to watch movies in the Theater. This debate of will movie Theaters survives just another threat that the movie Theater industry will pass as they did in the past with the emergence of VCR and Satellite TV.

Results and Discussion

Safety Measures to Ensure Public Health

Although the majority is afraid of going to the Theaters, given the fact that the owner of these Theaters is bearing huge losses, and once the situation normalizes and for those who want to watch movies in the Theater, these Multiplexes' and Movie Theaters' chain should take several safety measures to ensure public health:

- Sanitization after each show
- Clean & well-maintained washrooms
- Hygiene of the Theater staff
- Social distancing in the lobby
- Making masks compulsory
- Easy access to hand sanitizers
- Providing gloves for staff
- Providing masks at the entrance
- Adequate Time gap between shows.
- Temperature Check
- No Human Contact at the Food Stall and Ticket Counter
- Alternate or 50% seating capacity

Reopening of theaters in other countries

The great news is coming from South Korea that South Korea's local horror film 'Alive' has come from the first box office HIT after the lockdowns. In the first week (nine days), it grossed around \$9 million. South Korea has not seen a full shutdown like other nations, but regional lockdowns that have always been on, albeit very few) in some parts of the country. However, the business has only been picked up in recent weeks because of new content [13].

First, Innocence had a few numbers and grossed \$5.5 million in 23 days, and this movie Alive took the box office to a new peak in the COVID-19 era.

There is also good news from France, as it has seen a positive response to the opening of cinemas. The first week back saw some \$6 million in sales on all launches, which is pretty good, as 650,000 tickets were sold amid these test periods. The usual pre-COVID-19 week in France in 2020 was about \$20 million, down to 70 percent. However, that is still really strong given the uncertainty that a 3-month lockout would carry. There was no major Hollywood movie on top, a French box office star [14].

Beijing is also expected to reopen cinemas on 24 July in its "low-risk areas," officials said. However, oc-

capacity will be restricted to 30%, and no concessions will be offered. Cineworld, the world's second-largest cinema chain, will delay the reopening of its US movie Theaters until mid-August, as the country's coronavirus epidemic continues [15].

In the last 4-6 weeks, there have been some strong numbers in South Korea, and now Spain, which was hit hard by the pandemic, sees the audience returning to the Theaters.

The local Spanish film *Padre No Hay Mas Que Uno 2* (Father There Is Only One 2) released is doing extremely well at the end of July, despite many cinemas being shut down and capacity restrictions imposed on all the open cinemas, which is 8 percent better with fewer restrained capacity cinemas and one of the strictest lockdowns anywhere in the world, in a country that is coming off.

This news clearly shows that once the situation normalizes, the cinemas will open, and people will come in large numbers.

Conclusions

Every medium has its benefit, and reports indicated that although there is a surge in subscription and watch time on online streaming services. However, studies are also giving a hint on the importance of movie-watching experience in Theaters. Movie Theater provides the surroundings and environment to watch movies, which no medium could provide until now. Some sections of the audience must explore streaming at home, but streaming at home was there for a long time, be it VCR, CD/DVD, Satellite TV, or movie in-demand services. Online streaming services may be the biggest threat to Satellite TV. The recent launch of Jio Fiber, Airtel Xstream fiber, BSNL Airfiber are also helping online streaming services grow and giving tough competition to Satellite TV services in Big Metro Cities. Talking about COVID-19, one cannot do much about it, wait for vaccines, and improve medical services, so that cases go down. Movie Theaters will open as they opened in other countries. Many big films are already in queue to release to entertain the audience by giving them a big-screen experience. Once the situation becomes normal, movie Theaters would open gradually, see the public's response, and then release the big-ticket and high-budget films. After few weeks of opening the Theaters, when the fear of coronavirus diminishes, and once that fear is gone, people craving to socialize and watch movies in Theater will come in huge numbers like never before.

Limitations and Scope of Future Research

Although almost everything was considered during the study, whether it was collecting primary responses or taking secondary media reports, whether it was quantifying the responses or taking expert opinion over the issue in the form of qualitative data. The limitation may arise in the less sample size of primary data collection or selecting a very selective set of people in the case of the media report of Ormax. Although considering the size and population of India, there is always a scope to have different studies on the same topic by taking different segments of the population in different proportions. In addition, the data set and people's opinions over things keep on changing. Therefore, this data might become less relevant in the coming days. This study also did not explore the impact on Satellite and DTH due to the Rise of Online Streaming Services and how these two platforms could not affect the Movie Theater business simultaneously; this could be a good topic for Future Research.

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